FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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FILER

XEDAR CORP

CIK:**108770**| IRS No.: **840684753** | State of Incorp.:**CO** | Fiscal Year End: **1231**
Type: **10KSB** | Act: **34** | File No.: **000-08356** | Film No.: **99573812**
SIC: **3861** Photographic equipment & supplies

Mailing Address
2500 CENTRAL AVENUE
BOULDER CO 80301

Business Address
2500 CENTRAL AVE
BOULDER CO 80301
3034436441

Xedar Corporation
2500 Central Avenue
Boulder, CO 80301

March 26, 1999

Securities and Exchange Commission
Washington, D.C. 20549

Pursuant to the requirements of the Securities Exchange Act of 1934, we are transmitting herewith the attached Form 10KSB.
The filing fee of $250.00 has been remitted by wire to the Mellon Bank for our CIK account.

Sincerely,

Hans R. Bucher

Hans R. Bucher
President

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-KSB
(Mark One):
(x) Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 26, 1998

or

( ) Transition Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission File Number 0-8356

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

Colorado

(State or other jurisdiction of incorporation or organization)

84-0684753
(I.R.S. Employer Identification No.)

2500 Central Avenue, Boulder, CO 80301
(Address of principal executive offices) (Zip Code)

Registrant's telephone number incl. Area code:(303) 443-6441

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class Name of each exchange on which registered

None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, No Par Value
(Title of class)

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (#229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

The the aggregate market value of the voting stock held by non-affiliates of the registrant: $328,686 at December 26, 1998.

The number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 1,837,224 common shares as of February 28, 1999.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's definitive proxy statement to be filed pursuant to Regulation 14A relating to the annual meeting of stockholders and the Articles of Incorporation and Bylaws of the Company are herein incorporated by reference in Part III and IV of the Form 10-KSB.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Business Development

Xedar Corporation (hereinafter referred to as the "Company") was organized as a Colorado corporation on May 6, 1974.

Business of Issuer

The Company's principal business is the design, development, fabrication and sale of high technology electro-optical equipment and related electrical equipment, including devices such as cameras, video systems, video amplifiers, image systems, electro-optical transmissions, electrical test equipment, etc.

The Company's primary electro-optical equipment consists of its line of CCD- ("Charge Coupled Devices") Cameras and related equipment. These CCD-Cameras are used in medical X-ray diagnostic and procedural applications as well as in scientific and research applications. The operation and data display of these cameras is computer controlled and the information displayed is on a digital computer that can be computer manipulated.

The Company's other operations include OEM-manufacturing of CCD-Cameras, engineering programs and single customer programs.

General Production Programs and Products

The major portion of the Company's business includes the design, development and production of CCD-Cameras for OEM customers. These programs are in response to customer requirements and the OEM-Production quantities can range from a few cameras per year to several hundred per year per customer.

Depending on the application and customer requirements, the complexity, resolution and data rates of the CCD-Cameras vary.

The Company is presently offering the following range of cameras in end user and OEM configurations:

Fiber Optic Coupled Cameras - In many applications, the use of lens coupling from the image to the sensor is not suitable. This is the case in applications where an image intensifier output phosphor is to be imaged, or in X-ray imaging systems where the light output of the X-ray converter screen is to be imaged. Lens coupling in these applications is possible, however, at a great loss of the available light due to the low coupling efficiency of a lens system. For such applications, the Company has developed a low cost technique to bond imaging (fiber-optic) FO-Tapers or windows directly to the CCD. The FO-Tapers can have positive or negative magnification to match the field of view required. CCD-Cameras with FO-coupling are for demanding applications in the scientific and medical field and require low dark current at long integration times. The Company has developed methods to

Peltier cool the CCD's working temperatures to as low as -60 degrees Celsius.

Lens Coupled Cameras - Certain applications require lens coupling to image the object. The Company manufactures a wide range of OEM and end user systems for such applications. Besides a single board camera with 1 million pixels of resolution, the Company is manufacturing a complete camera with 4 million pixels of resolution.

Data Rates - The Company designs and manufactures CCD-Cameras with readout data rates as low as 10 kHz and as high as 40 MHz.

Dynamic Range - The dynamic range of a camera is its ability to resolve shades of gray. This is accomplished by digitizing the video output signal from the CCD. The dynamic range of the CCD-Cameras designed and manufactured by the Company range from 10 BIT (1000:1 dynamic range) for fast readouts to 16 BIT (6500:1 dynamic range) for scientific application readouts.

Related Engineering - Most applications of CCD-Cameras require data transmission from the Camera to the computer.
The Company has developed parallel data links to transmit 12 BIT digital information and has developed high speed FO-serial data links.

Engineering Programs

The Company also develops proposals in response to a set of specifications submitted by a potential customer for the development of specific equipment or processes. This effort may or may not result in the development of a prototype device, depending on the nature of the request. The potential customer generally seeks to obtain design capabilities for the manufacture of specific electro-optical or related high technology devices.
Fees for the Company's design and development services are often contingent upon execution of a contract with the customer for the creation, production and manufacture of a designed prototype.

Single Customer Production Programs

In addition to its general production program, wherein the Company manufactures certain of its products for general sale to the public, the Company also produces specific products for customers who have executed pre-production contracts or an engineering contract, wherein the Company will produce the product which it has developed and designed, which might be a product which is not available for sale to the general public.

Marketing and Sales

The primary emphasis of the Company's marketing and sales effort is the sale of OEM cameras and to obtain engineering and manufacturing contracts in related fields.

Contracts for engineering programs and single customer production programs are usually negotiated on an ad hoc basis.
Potential customers include past customers, governmental agencies, national laboratories and third party referrals.

Competition

The Company has experienced and will continue to experience competitive pressure in all phases of its business. Potential competitors are numerous, have substantially more technical resources, and possess financial, marketing and other resources superior to those available to the Company.

In connection with the design of electro-optical equipment, numerous national and multi-national electronic and aerospace companies maintain in-house capabilities to compete with the Company on a project basis. The companies include Martin Marietta, Ball Corporation, Loral and Philips. In addition, there are at least a dozen smaller specialty firms who may compete with the Company on a contract/bid basis. Although the Company's small size is often a disadwantage when bidding on substantial projects, there is no objective manner (price, warranty, services, etc.) to differentiate the Company's design and development capabilities from those of its competitors.

In connection with the Company's CCD-Cameras, the Company currently competes with Photometrics, Sierra Scientific, Princeton Instruments and several others. The Company believes that competition in the CCD-Camera industry involves such factors as performance, price and warranty. In this regard, the Company offers competitively priced systems with state of the art performance from "no frills" subassemblies to complete systems.

Additional Information

The Company's electro-optical equipment may be assembled from components produced by various suppliers. Although the components are highly sophisticated devices, the Company is not dependent on any single supplier including the supply of CCDs.

Although the Company requests down payments or earnest money deposits and periodic performance payments from customers during the fabrication of its products, there is no assurance that customers will agree to make such payments. Therefore, the substantial period of time between commencement of assembly and payment upon completion may subject the Company to increased risks and additional working capital requirements.

For the fiscal years ended December 27, 1997 and December 26, 1998, the Company expended $49,353 and $102,730 respectively, upon Company-sponsored research and development. The Company offers research and development services on a fee basis for its customers' products. No revenue associated with such services was earned in 1997 or 1998.

Compliance with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, are not expected to have a material effect on capital expenditures, earnings or the competitive position of the Company.

Employees

As of December 26, 1998, the Company employed six persons, including its president/treasurer, one engineer, two technicians and two administrative personnel, full time.

ITEM 2. DESCRIPTION OF PROPERTY

The Company leases its office and plant facilities from Central Avenue Investment, a general partnership, whose partners include Hans Bucher, the Company's president and a director, and Marlis Bucher, the Company's secretary. The Company's facilities are located at 2500 Central Avenue, Boulder, Colorado 80301 and consist of approximately 6,895 square feet. The Company has periodically renewed and amended this lease and has committed to a three-year term beginning September 15, 1996 with an option to renew for another three years. The monthly rental is $4,050. On each anniversary date of the lease, the lease payments will be adjusted for the percentage increase in the consumer price index. The Company believes that the lease is fair and reasonable and on as beneficial terms as could be obtained from any unaffiliated third party consistent with other rentals assessed in the market area for similar facilities.

ITEM 3. LEGAL PROCEEDINGS

No material legal proceedings to which the Company is a party or of which any of its property is the subject are pending and no such proceedings are known by the Company to be contemplated.
The Company is not presently a party to any litigation or administrative proceedings with respect to its compliance with federal, state or local provisions which have been enacted regarding the discharge of materials into the environment or otherwise relating to the protection of the environment, and no such proceedings are known by the Company to be contemplated.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) The Company's common stock is traded in the over-the-counter market. The price ranges* (in fractions of one dollar) of the bid quotations of the Company's common stock during its last two fiscal years, as provided to the Company by local stock brokerage firms, are set forth below:

	1997		1998	
Quarter ended:	High	Low	High	Low
March 29/March 28	$ 1 1/8	1/2	2/3	1/3
June 28/June 27	1	1/8	2/3	1/3
September 27/September 26	2/3	1/3	5/16	3/16
December 27/December 26	2/3	1/3	5/16	3/16

* The quotations set forth herein are representative of inter-dealer prices. Inter-dealer markets change throughout the day and do not include markup, markdown, or commissions.

(b) As of December 26, 1998, there were approximately 150 record holders of the Company's common stock.

(c) The Company has not paid any cash dividends to date.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations

Sales and Gross Profits

During the past fifteen years, the Company had three basic sources of revenue: commercial products, design and development contracts, and single customer production programs.

Sales by product lines for 1997 and 1998 were (in thousands):

	1997	1998
Commercial Products	$ 30	4
Design and Development Contracts	546	120
Single Customer Production Programs	12	15

	$ 588	139
	=====	====

Xedar product sales of $4,000 were 3% of sales in 1998 representing a decrease of $26,000 as compared to 1997. The marketing effort for this product has been reduced since the sales potential for tube based infrared cameras is insignificant.

Design and development contract sales decreased by $426,000 and amounted to approximately 86% of sales in 1998 in comparison to 93% during 1997. This decrease is primarily due to lower levels of work on existing engineering contracts and no new contracts.

Single customer production program sales increased in 1998 and amounted to approximately 11% of 1998 sales in comparison to 2% in 1997.

The gross profit (loss) for 1998 was (114)% as compared to 1% in 1997 due to reduced sales volume and lower absorption of overhead.

Research and Development

A total of $102,730 was expended during 1998, representing approximately 74% of sales, compared to $49,353 expended in 1997. The 1998 funds were primarily used for the development of a high-resolution CCD camera and continued development of flatfielding hardware that removes defects from digital images. The 1997 funds were primarily used to evaluate high-speed amplifiers for various applications and the CCDs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in 1998 amounted to $178,726 as compared to $267,253 in 1997. These expenses decreased by $88,527 in 1998 primarily as a result of the termination of the marketing director and a decrease in support costs.

Interest and Miscellaneous Income

Interest and miscellaneous income was $102,400 for 1998 and $71,142 for 1997 primarily representing interest earned on short-term cash investments and an income tax refund received in 1998.

Liquidity and Capital Resources

In recent years, the Company has financed its activities from cash reserves and operations. No bank financing has been used since 1982. As noted in the statements of cash flows, cash and cash equivalents decreased from 1997 to 1998. The net cash used by operations in 1998 was $248,782. The cash balance was also reduced by capital expenditures of $15,446.

The Company has working capital of $853,286 and a current ratio of approximately 15 to 1 at December 26, 1998.

The Company's liquidity position is necessary to maintain its ability to conduct in-house research and development enabling it to compete in single customer contracts and to develop a commercial product line in a highly volatile high technology market place.

Year 2000 Issue

The Company has assessed "Year 2000" issues within each of its significant computer systems and applications and concluded that the software being utilized is not date sensitive and adequately recognizes a four-digit year. The Company has not identified any mission critical systems which are not expected to be compliant or cannot be circumvented manually.

The failure to correct a material Year 2000 problem could result in an interruption in, or failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third party suppliers, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact in the Company's operations, liquidity or financial condition. The Company has not expended any money to rectify Year 2000 issues and expects to not incur any such expenses in the future.

Forward-Looking Statements

Except for the historical information contained herein, the matters set forth in this 10-KSB are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks are detailed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-KSB, Quarterly Reports on Form 10-QSB and other periodic filings. These forward-looking statements speak only as of the date hereof. The Company disclaims any intent or obligation to update these forward-looking statements.

ITEM 7. FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors and Stockholders
Xedar Corporation:

We have audited the accompanying balance sheets of Xedar Corporation as of December 27, 1997 and December 26, 1998, and the related statements of operations, stockholders' equity, and cash flows for the 52 weeks ended December 27, 1997 and December 26, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Xedar Corporation as of December 27, 1997 and December 26, 1998, and the results of its operations and its cash flows for the 52 weeks ended December 27, 1997 and December 26, 1998 in conformity with generally accepted accounting principles.

KPMG LLP

Boulder, Colorado
February 12, 1999

XEDAR CORPORATION
Balance Sheets
December 27, 1997 and December 26, 1998

Assets

	1997	1998
Current assets:		
Cash and cash equivalents	$ 1,084,315	828,445
Trade accounts receivable, less allowance for doubtful accounts of $2,436 in 1997		

and 1998	12,695	43,826
Note receivable	95,000	-
Interest receivable	4,000	5,000
Inventories (note 2)	32,603	33,551
Prepaid expenses	4,069	4,669
Refundable income taxes	3,206	-
Total current assets	1,235,888	915,491
Long-term receivable from related party (note 3)	162,879	154,521
Property and equipment, at cost (note 4)	139,949	141,307
Less accumulated depreciation	(118,324)	(118,930)
	21,625	22,377
Patents, net	14,477	13,517
	$ 1,434,869	1,105,906

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable:		
Trade	$ 3,036	9,281
Related party (note 8)	6,293	4,048
Accrued liabilities:		
Vacation	35,027	38,877
Payroll and commissions	8,540	6,960
Payroll and other taxes	1,682	3,039
Total current liabilities	54,578	62,205
Stockholders' equity (note 5):		
Common stock, no par value. Authorized 5,000,000 shares; issued and outstanding 1,837,224 shares	1,617,617	1,617,617
Additional paid-in capital	40	40
Accumulated deficit	(237,366)	(573,956)
Total stockholders' equity	1,380,291	1,043,701
Commitments (note 8)		
	$ 1,434,869	1,105,906

See accompanying notes to financial statements.

XEDAR CORPORATION

Statements of Operations

52 Weeks ended December 27, 1997 and December 26, 1998

	1997	1998
Sales (note 6)	$ 587,874	138,686
Cost of sales	584,210	296,220
Gross profit (loss)	3,664	(157,534)
Research and development expenses	49,353	102,730
Selling, general and administrative expenses	267,253	178,726
Operating loss	(312,942)	(438,990)
Interest and miscellaneous income	71,142	102,400
Net loss	$(241,800)	(336,590)
Basic and diluted loss per common share	$ (.13)	(.18)

See accompanying notes to financial statements.

XEDAR CORPORATION

Statements of Stockholders' Equity

52 Weeks Ended December 27, 1997 and December 26, 1998

	Common Stock Shares	Common Stock Amount	Additional paid in capital	Retained earnings (accumulated deficit)	Total stockholder's equity
Balances at Dec. 28, 1996	1,837,224	$ 1,617,617	40	4,434	1,622,091
Net loss	-	-	-	(241,800)	(241,800)
Balances at					

Dec. 27, 1997	1,837,224	$ 1,617,617	40	(237,366)	1,380,291
Net loss	-	-	-	(336,590)	(336,590)
Balances at Dec. 26, 1998	1,837,224	$ 1,617,617	40	(573,956)	1,043,701

See accompanying notes to financial statements.

XEDAR CORPORATION

Statements of Cash Flows

52 Weeks Ended December 27, 1997 and December 26, 1998

	1997	1998
Net loss	$(241,800)	(336,590)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation of property and equipment	16,071	14,694
Amortization of patents	526	960
Loss on write-off of patents	7,360	-
Changes in operating assets and liabilities:		
Trade accounts receivable	248,481	(31,131)
Interest receivable	3,078	(1,000)
Note receivable	(95,000)	95,000
Inventories	21,426	(948)
Prepaid expenses	(164)	(600)
Refundable income taxes	74,831)	3,206
Accounts payable	(20,383)	4,000
Accrued liabilities	4,476	3,627
Advance billings	(38,420)	-
Net cash used by operating activities	(19,518)	(248,782)
Cash flows used in investing activities:		
Capital expenditures	(12,468)	(15,446)
Patent expenditures	(1,746)	-
Long-term receivable - related party	7,750	8,358
Net cash used by investing activities	(6,464)	(7,088)
Net decrease in cash and cash equivalents	(25,982)	(255,870)
Cash and cash equivalents		

at beginning of year	1,110,297	1,084,315
Cash and cash equivalents at end of year	$1,084,315	828,445

See accompanying notes to financial statements.

XEDAR CORPORATION

Notes to Financial Statements

December 27, 1997 and December 26, 1998

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

The Company's principal business is the design, development, fabrication and sale of high technology electro-optical equipment and related electrical equipment, including devices such as cameras, video systems, video amplifiers, image systems, electro-optical transmissions, electrical test equipment, etc. The Company's products are used in medical X-ray diagnostic and procedural applications as well as in scientific and research applications. The Company's other operations include OEM-manufacturing of CCD-Cameras, engineering programs and single customer programs.

The Company's product lines include commercial products, design and development contracts, and single customer production programs. Sales for each of these product lines as a percentage of total sales were 5%, 93% and 2%, respectively, during 1997, and 3%, 86% and 11%, respectively, during 1998.

The Company's customers are located primarily in the United States.

(b) Revenue Recognition

Sales of the Company's products are recognized upon shipment. Revenue and the related expense from product development and similar contracts are recognized when the products have been delivered or services are performed under the terms of the contracts. Certain sales which allow for the right of return are recorded as deferred revenue until such right of return expires.

(c) Cash and Cash Equivalents

Cash and cash equivalents of $1,084,315 and $828,445 at December 27, 1997 and December 26, 1998, respectively, consist of demand deposits and certificates of deposit. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(d) Note Receivable

The note receivable of $95,000 at December 27, 1997 was recorded at carrying cost of the account receivable when it was converted to a note. Payment was received in 1998.

(e) Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Work in process and finished goods inventories include charges for direct material, direct labor, and manufacturing overhead applied in relation to direct labor and direct material.

(f) Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

(g) Patents

Costs incurred in obtaining patents are capitalized and amortized on a straight-line basis over the life of the patent which is estimated at 17 years. During 1997, patents with a book value of $7,360 were denied by the U.S. Patent Office and were written off.

(h) Research and Development Expenses

Research and development expenses are charged to operations as incurred.

(i) Income Taxes

Under the asset and liability method of Statement of Financial Accounting Standards No. 109 (SFAS) 109), deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(j) Loss Per Common Share

For the 52 weeks ended December 27, 1997 and December 26, 1998, basic and diluted loss per common share were computed by dividing the net loss by the weighted average number of shares outstanding of 1,837,224. No options or warrants with a dilutive effect were outstanding during the 52 weeks ended December 27, 1997 or December 26, 1998.

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(m) Fiscal Year

The Company's fiscal year is a 52/53 week year ending on the last Saturday of December.

(2) Inventories

Inventories consist of the following:	December 27, 1997	December 26, 1998
Raw materials	$ 6,714	4,345
Work in process	25,889	29,206
	$ 32,603	33,551

Work in process is presented net of an allowance for obsolete and excess components of $41,410 in 1997 and 1998.

(3) Long-Term Receivable From Related Party

During 1985, the Board of Directors approved the purchase of a split-dollar life insurance plan for the Company's president. Through December 31, 1992, the annual premiums were paid by the Company. For years subsequent to 1992, the premiums have been or are expected to be paid out of the earnings of the plan. The plan provides a $750,000 death benefit plus a cash surrender value. The Company is named beneficiary for $250,000 of the death benefit and does not share in cash surrender value increases. Amounts paid by the Company on behalf of the Company's president, prior to 1992, are considered advances to the president and are repayable without interest. The advances are secured by the policy benefits, including the cash surrender value, which exceeds the carrying value of the long-term receivable at December 27, 1997 and December 26, 1998.

(4) Property and Equipment

The cost of major classes of property and equipment is as follows:

	Estimated useful lives	December 27, 1997	December 26, 1998
Office furniture and equipment	5 to 10 years	$ 10,156	10,156
Production, laboratory and other equipment	3 to 10 years	129,793	131,151
Total		$139,949	141,307

Depreciation expense was $16,071 and $14,694 in 1997 and 1998, respectively.

(5) Stockholders' Equity

In June 1994, the stockholders approved a nonqualified stock option plan for the Company's Board of Directors and reserved 50,000 shares for issuance under the plan. No options have been granted under this plan.

Under the terms of the Company's Incentive Stock Option plan (ISO), the Board of Directors has reserved 200,000 shares for grant, of which 160,000 shares remain available for grant.

There were no stock options issued or exercised during 1997 or 1998. At December 27, 1997 and December 26, 1998 the Company has no outstanding stock options.

(6) Significant Customers

Significant customers have accounted for sales as follows:

	1997	1998
Customer A	34%	-
Customer B	8%	11%
Customer C	34%	-
Customer D	-	33%
Customer E	-	42%

(7) Income Taxes

The Company recorded no current or deferred income tax benefit in 1997 or 1998. Income tax benefit differed from the amounts computed by applying the U.S. federal income tax rate of 34% to loss before income taxes as a result of the following:

	1997	1998
Computed "expected" tax benefit	$ (82,212)	(114,441)
Expenses not deductible for income tax purposes	2,320	2,292
State taxes, net of federal impact	(6,490)	-
Change in the valuation allowance for deferred tax assets	90,600	54,100
Benefit of tax loss carryback not recognized in prior year	-	58,932
Phase in of graduated income tax rate	(4,100)	-
Other, net	(118)	(883)
Income tax benefit	$ -	-

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	December 27, 1997	December 26, 1998
Deferred tax assets:		
Accounts receivable, due to allowance for doubtful accounts	$ 900	900
Compensated absences, due to accrual for financial statement purposes	13,300	14,800
Inventory, due to inventory valuation	-	21,000
Net operating loss carryforwards	90,600	120,700
Other	-	2,300
Total gross deferred tax assets	104,800	159,700
Less valuation allowance	(99,600)	(153,700)
Net deferred tax assets	5,200	6,000

Total deferred tax liabilities - property and equipment, due to differences in basis and depreciation	(5,200)	(6,000)
Net deferred income taxes	$ -	-

A valuation allowance for the gross deferred tax assets has been provided to recognize no net deferred tax assets. Due primarily to the Company's losses in 1997 and 1998, management believes that deferred tax assets are not more likely than not recoverable.

(8) Commitments

During 1978, the Company entered into a lease agreement for facilities with a partnership in which the Company's president and secretary are partners. The Company has periodically renewed and amended this lease and is committed to a three-year term which began September 15, 1996. On each anniversary date, the lease payments are adjusted for the percentage increase in the consumer price index. As of December 26, 1998, the monthly rental was $4,050. Unpaid rents were $4,050 at December 27, 1997 and December 26, 1998.

The Company's rental expense for this lease was $49,690 for 1997 and $48,579 for 1998. The Company's minimum lease commitment, without adjustments for increases in the consumer price index, is $36,450 for 1999.

The Company has employed a member of the Board of Directors to perform financial and accounting services. Total fees paid to this related party were $3,615 and $3,325 in 1998 and 1997, respectively.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. DIRECTORS , EXECUTIVE OFFICERS, PROMOTERS, AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Information regarding the directors and executive officers of the Registrant is incorporated by reference to the Company's definitive proxy statement to be filed pursuant to Regulation 14A relating to the annual meeting of stockholders at which directors are to be elected, hereinafter referred to as "the Company's definitive proxy statement."

ITEM 10. EXECUTIVE COMPENSATION

Information regarding management remuneration and transactions is incorporated by reference to the Company's definitive proxy statement.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding the security ownership of certain beneficial owners and management of the Company is incorporated by reference to the Company's definitive proxy statement.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions is incorporated by reference to the Company's definitive proxy statement.

PART IV

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following documents are filed as a part of this report:

1. Financial Statements

Independent Auditors' Report
Balance Sheets - December 27, 1997 and December 26, 1998
Statements of Operations - 52 weeks ended December 27, 1997 and December 26, 1998
Statements of Stockholders' Equity - 52 weeks ended December 27, 1997 and December 26, 1998
Statements of Cash Flows - 52 weeks ended December 27, 1997 and December 26, 1998
Notes to Financial Statements

2. Exhibits: Articles of Incorporation and Bylaws of the Company - Incorporated by reference to the Exhibits to the Notification under Regulation A filed on December 6, 1974.

(b) No reports on Form 8-K have been filed during the last quarter of the period covered by this report.

SIGNATURES

In accordance with Section 13 and 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

XEDAR CORPORATION
(Registrant)

By: Hans R. Bucher

Hans R. Bucher, President

Date: March 26, 1999

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Hans R. Bucher ____________________ Hans R. Bucher	President, Treasurer, Chief Executive and Financial Officer and Director	March 26, 1999 __________________
Michael J. O'Connell ____________________ Michael J. O'Connell	Director	March 26, 1999 __________________
Gary A. Agron ____________________ Gary A. Agron	Director	March 26, 1999 __________________
Marlis Bucher ____________________ Marlis Bucher	Secretary	March 26, 1999 __________________

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