ASTRO MED INC /NEW/

FORM 10-Q
(Quarterly Report)

Filed 11/26/2003 For Period Ending 11/1/2003

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Industry	Computer Peripherals
Sector	Technology
Fiscal Year	01/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 1, 2003

OR

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

For the transition period from ________ to ________

Commission file number 0-13200

Astro-Med, Inc.
(Exact name of registrant as specified in its charter)

Rhode Island **(State or other jurisdiction of incorporation or organization)**	**05-0318215** **(I.R.S. Employer Identification No.)**
600 East Greenwich Avenue, West Warwick, Rhode Island **(Address of principal executive offices)**	**02893** **(Zip Code)**

(401) 828-4000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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 ☒ . No ☐ .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ . No ☒ .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.05 Par Value 4,601,758 shares
(excluding treasury shares) as of November 21, 2003

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Part I. FINANCIAL INFORMATION

ASTRO-MED, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

	November 1, 2003	January 31, 2003
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 4,457,039	$ 3,217,035
Securities Available for Sale	5,602,102	4,118,991
Accounts Receivable, Net	9,968,362	8,347,375
Inventories, Net	9,212,192	8,900,463
Prepaid Expenses and Other Current Assets	435,790	370,342
Total Current Assets	29,675,485	24,954,206
PROPERTY, PLANT AND EQUIPMENT	24,932,554	24,241,848
Less Accumulated Depreciation	(17,989,831)	(16,891,169)
	6,942,723	7,350,679
OTHER ASSETS		
Goodwill	2,310,798	2,310,798
Amounts Due from Officers	480,314	480,314
Other	107,736	113,881
	$ 39,517,056	$ 35,209,878
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 2,121,615	$ 2,423,260
Accrued Compensation	2,103,927	1,768,777
Accrued Expenses	2,529,669	1,937,124
Total Current Liabilities	6,755,211	6,129,161
SHAREHOLDERS' EQUITY		
Preferred Stock, $10 Par Value, Authorized 100,000 Shares, None Issued	—	—
Common Stock, $.05 Par Value, Authorized 13,000,000 Shares, Issued, 5,556,603 and 5,168,367 Shares, respectively	277,830	258,418
Additional Paid-In Capital	7,735,119	5,647,568
Retained Earnings	30,890,076	29,190,013
Treasury Stock, at Cost (969,695 and 897,895 Shares, respectively)	(6,095,755)	(5,860,609)
Accumulated Other Comprehensive Loss	(45,425)	(154,673)
	32,761,845	29,080,717
	$ 39,517,056	$ 35,209,878

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ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three-Months Ended	
	November 1, 2003	November 2, 2002
Net Sales	$14,385,987	$11,788,857
Cost of Sales	8,459,608	7,399,035
Gross Profit	5,926,379	4,389,822
Costs and Expenses:		
Selling, General and Administrative	3,912,614	3,715,618
Research and Development	954,997	1,134,607
	4,867,611	4,850,225
Operating Income (Loss)	1,058,768	(460,403)
Other Income (Expense):		
Investment Income	38,597	46,309
Other, Net	(37,841)	18,388
	756	64,697
Income (Loss) Before Income Taxes	1,059,524	(395,706)
Income Tax Provision (Benefit)	158,929	(85,077)
Net Income (Loss)	$ 900,595	$ (310,629)
Net Income (Loss) Per Common Share:		
Basic	$ 0.20	$ (0.07)
Diluted	$ 0.17	$ (0.07)
Weighted Average Number of Common Shares Outstanding:		
Basic	4,435,180	4,268,868
Diluted	5,168,461	4,268,868
Dividends Declared Per Common Share	$ 0.04	$ 0.04

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ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Nine-Months Ended	
	November 1, 2003	November 2, 2002
Net Sales	$41,623,471	$36,200,986
Cost of Sales	24,830,984	23,147,048
Gross Profit	16,792,487	13,053,938
Costs and Expenses:		
Selling, General and Administrative	11,537,837	11,321,132
Research and Development	2,731,379	2,984,953
	14,269,216	14,306,085
Operating Income (Loss)	2,523,271	(1,252,147)
Other Income (Expense):		
Investment Income	133,232	144,574
Other, Net	(48,749)	103,902
	84,483	248,476
Income (Loss) before Income Taxes	2,607,754	(1,003,671)
Income Tax Provision (Benefit)	391,163	(216,510)
Net Income (Loss)	$ 2,216,591	$ (787,161)
Net Income (Loss) Per Common Share:		
Basic	$ 0.52	$ (0.18)
Diluted	$ 0.48	$ (0.18)
Weighted Average Number of Common Shares Outstanding:		
Basic	4,301,487	4,268,088
Diluted	4,666,204	4,268,088
Dividends Declared Per Common Share	$ 0.12	$ 0.12

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ASTRO-MED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Nine-Months Ended	
	November 1, 2003	November 2, 2002
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 2,216,591	$ (787,161)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	971,975	1,048,042
Gain on Sale of Securities Available for Sale/Assets	—	(12,017)
Changes in Assets and Liabilities:		
Accounts Receivable	(1,620,987)	1,595,873
Inventories	(432,198)	828,884
Other	275,410	(142,173)
Accounts Payable and Accrued Expenses	630,532	(459,950)
Total Adjustments	(175,268)	2,858,659
Net Cash Provided by Operating Activities	2,041,323	2,071,498
Cash Flows from Investing Activities:		
Proceeds from Sales of Securities Available for Sale	1,573,173	1,515,282
Purchases of Securities Available for Sale	(3,086,154)	(1,832,956)
Additions to Property, Plant and Equipment	(416,450)	(496,017)
Net Cash Used in Investing Activities	(1,929,431)	(813,691)
Cash Flows from Financing Activities:		
Issuance of Debt	—	13,300
Principal Payments on Capital Leases/Debt	(4,483)	(25,489)
Proceeds from Common Shares Issued Under Employee Benefit Plans and the Exercise of Stock Options	1,884,269	7,786
Shares Repurchased	(235,146)	—
Dividends Paid	(516,528)	(512,173)
Net Cash Provided by (Used) in Financing Activities	1,128,112	(516,576)
Net Increase in Cash and Cash Equivalents	1,240,004	741,231
Cash and Cash Equivalents, Beginning of Period	3,217,035	2,569,721
Cash and Cash Equivalents, End of Period	$ 4,457,039	$ 3,310,952
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Income Taxes	$ 268,470	$ —

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ASTRO-MED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
November 1, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The accompanying condensed financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with footnotes contained in the Company's annual report on Form 10-K for the year ended January 31, 2003. Certain reclassifications have been made to conform to the current period reporting format.

(b) Net income (loss) per common share has been computed and presented pursuant to the provisions of Statement of Financial Accounting Standards No. 128, Earnings Per Share. Net income (loss) per share is based on the weighted average number of shares outstanding during the period. Net income (loss) per share assuming dilution is based on the weighted average number of shares and, if dilutive, common equivalent shares for stock options outstanding during the period.

	Three-Months Ended		Nine-Months Ended	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
Weighted Average Common Shares Outstanding – Basic	4,435,180	4,268,868	4,301,487	4,268,088
Diluted Effect of Options Outstanding	733,281	—	364,717	—
Weighted Average Common Shares Outstanding – Diluted	5,168,461	4,268,868	4,666,204	4,268,088

For the three-months ended November 1, 2003, all options outstanding were reflected in the per share amounts. For the three-months ended November 2, 2002, the diluted per share amounts do not reflect options outstanding of 2,053,575. These outstanding options were not included in the weighted average common shares outstanding because the exercise price of the option was greater than the average market price or their effect is anti-dilutive.

For the nine-months ended November 1, 2003 and November 2, 2002, respectively, the diluted per share amounts do not reflect options outstanding of 807,300 and 2,053,575, respectively. These outstanding options were not included in the weighted average common shares outstanding because the exercise price of the option was greater than the average market price or their effect was anti-dilutive.

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ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
November 1, 2003

As permitted by Statement of Financial Accounting Standards (SFAS) No. 123, “Accounting for Stock-Based Compensation,” the Company accounts for its stock-based compensation under the intrinsic value method in accordance with Accounting Principles Board (APB) Opinion No. 25 “Accounting for Stock Issued to Employees”. Had compensation cost for the Company’s stock-based compensation plans been determined based on the fair value of the options at the grant dates consistent with the method set forth under SFAS No. 123, the Company’s net income (loss) and net income (loss) per share would have changed to the pro forma amounts indicated below:

	Three-Months Ended		Nine-Months Ended	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
Net Income (Loss)				
As reported	$ 900,595	$ (310,629)	$2,216,591	$ (787,161)
Less: Total Stock-Based Employee Compensation Expense Determined Under Fair Value Based Method	57,485	156,210	140,759	450,068
Pro forma	$ 843,110	$ (466,839)	$2,075,832	$(1,237,729)
Net Income (Loss) per share				
As reported, Basic	$ 0.20	$ (0.07)	$ 0.52	$ (0.18)
Pro forma, Basic	$ 0.19	$ (0.11)	$ 0.48	$ (0.29)
As reported, Diluted	$ 0.17	$ (0.07)	$ 0.48	$ (0.18)
Pro forma, Diluted	$ 0.16	$ (0.11)	$ 0.44	$ (0.29)

The fair value of each option granted was estimated on the grant date using the Black-Scholes option-pricing model.

(c) Revenue Recognition: The majority of the Company’s product sales are recorded at the time of shipment and when persuasive evidence of an arrangement exists, the seller’s price to the buyer is fixed or determinable and collectibility is reasonably assured. Provisions are made at the time the related revenue is recognized for the cost of any installation obligations. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled.

(d) New Accounting Pronouncements :

In January 2003 Financial Accounting Standards Board (FASB) Interpretation No. 46, “Consolidation of Variable Interest Entities” was issued. This interpretation requires a company to consolidate variable interest entities (“VIE”) if the enterprise is a primary beneficiary (holds a majority of the variable interest) of the VIE and the VIE has specific characteristics. It also requires additional disclosures for parties involved with VIEs. In October 2003, the FASB deferred the effective date of this interpretation for all VIEs to the first reporting period after December 15, 2003. The adoption of this interpretation will not have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

In April 2003, SFAS No. 149, “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” was issued. The standard amends and clarifies financial reporting for derivative instruments and for hedging activities accounted for under SFAS No. 133 and is effective for contracts entered into or modified, and for hedges designated, after June 30, 2003. Adoption of the standard did not have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

In May 2003, SFAS No. 150, “Accounting for Certain Instruments with Characteristics of Both Liabilities and Equity” was issued. The standard establishes how an issuer classifies and measures certain freestanding financial instruments with characteristics of liabilities and equity and requires that such instruments be classified as liabilities. The standard is effective for financial instruments entered into or modified after May 31, 2003 and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of the standard did not have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

In May 2003 the Emerging Issues Task Force reached a consensus on Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables” (EITF 00-21) which became effective for revenue arrangements entered into in the third quarter of 2003. In an arrangement with multiple deliverables, EITF 00-21 provides guidance to determine (a) how the arrangement consideration should be measured, (b) whether the arrangement should be divided into separate units of accounting, and (c) how the arrangement consideration should be allocated among the separate units of accounting. The Company adopted EITF 00-21 in the third quarter. The adoption of the standard did not have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

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ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
November 1, 2003

NOTE 2 – COMPREHENSIVE INCOME

The Company's total comprehensive income (loss) is as follows:

	Three-Months Ended		Nine-Months Ended	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
Comprehensive Income (Loss):				
Net Income (Loss)	$ 900,595	$ (310,629)	$2,216,591	$ (787,161)
Other Comprehensive Income (Loss):				
Foreign currency translation adjustments, net of tax	101,102	5,652	136,119	152,839
Unrealized gain (loss) in securities:				
Unrealized holding gain (loss) arising during the period, net of tax	(24,199)	42,684	(26,871)	12,933
Reclassification adjustment for (gain) included in net income, net of tax	—	(7,931)	—	(7,931)
Other Comprehensive Income (Loss)	76,903	40,405	109,248	157,841
Comprehensive Income (Loss)	$ 977,498	$ (270,224)	$2,325,839	$ (629,320)

NOTE 3 – INVENTORIES

Inventories, net of reserves are stated at the lower of cost (first-in, first-out) or market and include material, labor and manufacturing overhead. The components of inventories were as follows:

	November 1, 2003	January 31, 2003
Raw Materials	$4,716,922	$4,807,858
Work-In-Process	1,242,332	707,169
Finished Goods	3,252,938	3,385,436
	$9,212,192	$8,900,463

NOTE 4 – INCOME TAXES

The effective income tax rate used in the interim condensed financial statements are estimates of the full year's rates. The November 1, 2003 effective tax rate reflects the favorable impact of the net operating loss carryforward and the anticipated utilization of certain other deferred tax assets which were fully reserved for in fiscal year ending January 31, 2003.

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ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
November 1, 2003

NOTE 5 – SEGMENT INFORMATION

The Company reports three reporting segments consistent with its sales product groups: Test & Measurement (T&M); QuickLabel Systems (QLS) and Grass-Telefactor (G-T). The Company evaluates segment performance based on the segment profit (loss) before corporate and financial administration expenses.

Summarized below are the sales and segment operating profit (loss) for each reporting segment for three-months ended November 1, 2003 and November 2, 2003:

	Sales		Segment Operating Profit (Loss)	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
T&M	$ 3,380,000	$ 3,427,000	$ 512,000	$ 432,000
QLS	6,210,000	4,885,000	567,000	(201,000)
G-T	4,796,000	3,477,000	705,000	(71,000)
Total	$14,386,000	$11,789,000	1,784,000	160,000
Corporate Expenses			725,000	620,000
Operating Income (Loss)			1,059,000	(460,000)
Other Income, Net			1,000	64,000
Income (Loss) Before Income Taxes			1,060,000	(396,000)
Income Tax Provision (Benefit)			159,000	(85,000)
Net Income (Loss)			$ 901,000	$ (311,000)

Summarized below are the sales and segment operating profit (loss) for each reporting segment for the nine-months ended November 1, 2003 and November 2, 2002:

	Sales		Segment Operating Profit (Loss)	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
T&M	$ 8,443,000	$ 9,441,000	$ 478,000	$ 678,000
QLS	18,325,000	15,773,000	1,903,000	(66,000)
G-T	14,855,000	10,987,000	2,277,000	276,000
Total	$41,623,000	$36,201,000	4,658,000	888,000
Corporate Expenses			2,135,000	2,140,000
Operating Income (Loss)			2,523,000	(1,252,000)
Other Income, Net			85,000	248,000
Income (Loss) Before Income Taxes			2,608,000	(1,004,000)
Income Tax Provision (Benefit)			391,000	(217,000)
Net Income (Loss)			$2,217,000	$ (787,000)

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ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
November 1, 2003

NOTE 6 – RESTRUCTURING AND IMPAIRMENT CHARGES

In the fourth quarter of fiscal year 2003, the Company implemented an organizational restructuring in an effort to reduce costs and streamline operations. In fiscal year 2003, the Company recorded $490,225 of restructuring and impairment charges. These charges included $364,313 of severance and related termination benefits that were accounted for in accordance with SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities" and $125,912 of long-lived asset impairment which was accounted for in accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". An analysis of the activity in the accrual for the nine-months ending November 1, 2003 is summarized below:

	Severance
Balance at January 31, 2003	$ 336,181
Charges	—
Cash Paid	(308,667)
Balance at November 1, 2003	$ 27,514

NOTE 7 – PRODUCT WARRANTY LIABILITY

Changes in the Company's product warranty liability during the quarter ending November 1, 2003 and November 2, 2002, respectively are as follows:

	November 1, 2003	November 2, 2002
Balance, beginning of the period	$ 170,000	$ 135,515
Warranties issued during the period	214,411	227,278
Settlements made during the period	(214,411)	(227,278)
Balance, end of the period	$ 170,000	$ 135,515

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ASTRO-MED, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations:

For the Three-Months Ending November 1, 2003 vs. November 2, 2002

Sales in the third quarter were $14,386,000, an increase of 22% from the prior year's third quarter sales of $11,789,000. Domestic sales were $10,719,000, up 17% from the $9,124,000 reported for the third quarter of the prior fiscal year. Sales through the Company's international channels were $3,667,000, 38% higher than the previous year's third quarter sales of $2,665,000. This increase in international sales can be attributed to a 39% increase in QLS's international sales and a 65% increase in G-T's international sales over the prior year's third quarter. Excluding the favorable impact of foreign exchange rates, international sales increased 26% in the current quarter.

Gross profit dollars were $5,926,000 in the quarter. The gross profit margin realized in the quarter was 41.2%, an increase from last year's margin of 37.2%. The improvement in the margin percentage can be attributed to the higher sales volume and the favorable change in sales mix.

Operating Expenses in the quarter were $4,868,000. Selling, general and administrative (SG&A) spending increased 5% from last year to $3,913,000. The increase in SG&A can be attributed to higher selling expenses related to the higher sales volume.

Research and development funding decreased 16% from the prior year to $955,000. In the quarter, R & D spending was 6.6% of sales down from last year's rate of 9.6%. This decrease can be attributed to the savings achieved from the workforce reduction that took place in January of 2003.

The Company reports three reporting segments consistent with its sales product groups: Test & Measurement (T&M); QuickLabel Systems (QLS) and Grass-Telefactor (G-T). The Company evaluates segment performance based on the segment profit (loss) before corporate and financial administration expenses.

Summarized below are the sales and segment operating profit (loss) for each reporting segment for three-months ended November 1, 2003 and November 2, 2003:

	Sales		Segment Operating Profit (Loss)	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
T&M	$ 3,380,000	$ 3,427,000	$ 512,000	$ 432,000
QLS	6,210,000	4,885,000	567,000	(201,000)
G-T	4,796,000	3,477,000	705,000	(71,000)
Total	$14,386,000	$11,789,000	1,784,000	160,000
Corporate Expenses			725,000	620,000
Operating Income (Loss)			1,059,000	(460,000)
Other Income, Net			1,000	64,000
Income (Loss) Before Income Taxes			1,060,000	(396,000)
Income Tax Provision (Benefit)			159,000	(85,000)
Net Income (Loss)			$ 901,000	$ (311,000)

T&M's product sales were $3,380,000, down 1% from the $3,427,000 of the previous year. This slight decrease in T&M's sales can be attributed to the higher Everest, Dash 18 and Dash 8X sales being offset by lower cockpit printer shipments. T&M's segment profit margin improved to 15% in the quarter from 13% in the previous year.

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ASTRO-MED, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations (continued):

For the Three-Months Ending November 1, 2003 vs. November 2, 2002 (Continued)

QLS's sales increased to $6,210,000, a 27% increase over the $4,885,000 of sales reported in the third quarter of the previous year. Printer sales increased 82% while Media sales increased 9%. The increase in Printer sales can be attributed to higher shipments of all printer models. QLS's third quarter segment profit (loss) margin improved to a profit margin of 9% up from a loss margin of (4%) in the previous year. The increase in margin is attributed to higher level of sales and higher media margins.

G-T sales in the quarter were $4,796,000, up 38% from $3,477,000 reported in the third quarter of the previous year. The increase in sales can be attributed to higher sales in the long-term monitoring product line and the incremental sales of the newly introduced PSG (Sleep) and EEG Comet Systems. The G-T segment operating profit (loss) margin increased to a profit margin of 15% in the third quarter from a loss margin of (2%) in the previous year. The improvement in margin is attributed to the higher sales volume and lower operating expenses resulting from the workforce reduction.

For the Nine-Months Ending November 1, 2003 vs. November 2, 2002

	Sales		Segment Operating Profit (Loss)	
	November 1, 2003	November 2, 2002	November 1, 2003	November 2, 2002
T&M	$ 8,443,000	$ 9,441,000	$ 478,000	$ 678,000
QLS	18,325,000	15,773,000	1,903,000	(66,000)
G-T	14,855,000	10,987,000	2,277,000	276,000
Total	$41,623,000	$36,201,000	4,658,000	888,000
Corporate Expenses			2,135,000	2,140,000
Operating Income (Loss)			2,523,000	(1,252,000)
Other Income, Net			85,000	248,000
Income (Loss) Before Income Taxes			2,608,000	(1,004,000)
Income Tax Provision (Benefit)			391,000	(217,000)
Net Income (Loss)			$2,217,000	$ (787,000)

Sales for the nine-month period were $41,623,000, up 15% from the prior year's sales of $36,201,000. Domestic sales were $29,809,000, up 10% from $26,984,000 for the nine-months in the prior fiscal year. Sales through the Company's international channels were $11,814,000, up 28% from the previous year's sales of $9,217,000. This increase in international sales is driven primarily by higher G-T sales. Excluding the favorable impact of foreign exchange, international sales were up 13%.

Gross profit dollars were $16,792,000, which generated a margin yield of 40.3% for the nine-months of the current year as compared to a margin yield last year of 36.1%. The higher margin percentage for the nine-months of this year can be attributed to the change in sales mix and better manufacturing overhead absorption on the higher sales level.

ASTRO-MED, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Nine-Months Ending November 1, 2003 vs. November 2, 2002 (Continued)

Operating expenses for the nine-months were $14,269,000. Selling and general administrative spending increased 2% from last year to $11,538,000. The increase can be attributed to higher selling expenses related to tradeshows, advertising and other marketing.

Research and development funding declined 8% from the prior year to $2,731,000. This decrease can be attributed primarily to the workforce reduction, which took place in January of 2003.

Other income (expense) decreased primarily as a result of $100,000 of foreign exchange gains in the prior year versus $17,000 of foreign exchange losses for the nine-months of the current year.

T&M's product sales were $8,443,000, down 11% from the $9,441,000 of the previous year. This decrease in T&M's sales can be attributed to a decline in Dash 18 Recorder sales offset by an increase in Everest Recorder, Cockpit Printer and the new Dash 8X Recorder sales. T&M's segment profit margin decreased to 6% from 7% in the previous year. The decrease in T&M's margin is attributed to the change in the product sales mix.

QLS's sales increased to $18,325,000, a 16% increase over the $15,773,000 of sales reported in the nine-months of the previous year. This increase is attributed to a 38% growth in printer sales. The increase in printer sales can be attributed primarily to the increased sales of the new 4100Xe and 8100Xe printers. QLS's segment profit margin increased to 10% in the nine-months of this year, up from a margin loss of (1%) from the previous year. The increase in margin is primarily attributed to the higher sales volume and the change in sales mix within the group, as well as, better media margins resulting from lower material costs.

G-T sales increased to $14,855,000, up 35% from $10,987,000 reported in the nine-months of the previous year. The increase in sales can be attributed to higher sales in the long-term monitoring product line and the incremental sales of the newly introduced PSG (Sleep) and EEG Comet Systems. The G-T segment operating profit margin increased to 15% for the nine-months of this year from 3% in the previous year. The improvement in margin is attributed to the higher sales volume and the lower personnel costs resulting from the workforce reduction that took place at the end of fiscal year 2003.

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ASTRO-MED, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition:

The Company's Statements of Cash Flows for the nine-months ending November 1, 2003 and November 2, 2002 are included on page 6. Net cash flow provided by operating activities for the nine-months ending November 1, 2003 and November 2, 2002 were $2,041,000 versus $2,071,000 of the previous year. Cash and securities available for sale at the end of the third quarter totaled $10,059,000, up from $7,335,000 at year-end. This balance increased primarily as a result of the $1,884,000 the Company received from the exercise of stock options. The accounts receivable collection cycle slowed to 61 net days sales outstanding at the end of the quarter as compared to the 53 net days outstanding at year-end. Inventory increased to $9,212,000 from $8,900,000 at year-end. Inventory turns improved to 3.1 times from 2.8 times at year-end.

Capital expenditures were $416,000 for the nine-months ended November 1, 2003 as the Company purchased machinery and equipment, information technology hardware and software and tools and dies.

In the second quarter, the Company increased its unsecured bank line of credit by $1.5 million. The total available under this line of credit is $3.5 million, all of which is currently available.

The Company paid cash dividends for the nine-months ending November 1, 2003 of $517,000 or $0.12 per common share.

Critical Accounting Policies, Commitments and Certain Other Matters:

In the Company's Form 10-K for the year ended January 31, 2003 the Company's most critical accounting policies and estimates upon which our financial status depends were identified as those relating to revenue recognition, warranty claims, bad debt, customer returns, inventories and long-lived assets. We considered the disclosure requirements of Financial Release ("FR") 60 ("FR-60") regarding critical accounting policies and FR-61 regarding liquidity and capital resources, certain trading activities and related party/certain other disclosures, and concluded that nothing materially changed during the quarter that would warrant further disclosure under these releases.

Safe Harbor Statement

This document contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Factors which could cause actual results to differ materially from those anticipated include, but are not limited to, general economic, financial and business conditions; declining demand in the test and measurement markets, especially defense and aerospace; competition in the specialty printer industry; ability to develop market acceptance of the QLS color printer products and effective design of customer required features; competition in the data acquisition industry; competition in the neurophysiology industry; the impact of changes in foreign currency exchange rates on the results of operations; the ability to successfully integrate acquisitions; the business abilities and judgment of personnel and changes in business strategy.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Astro-Med, Inc.'s exposure to market risk has not changed materially from its exposure at January 31, 2003 as set forth in Item 7A in Astro-Med, Inc.'s Form 10K for the fiscal year ended January 31, 2003.

Item 4. Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), the Company conducted an evaluation under the supervision and with the participation of the Company's management, including the Chairman of the Board (serving as the principal executive officer) and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chairman of the Board and the Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all information required to be disclosed in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported with in the time periods specified in the Securities and Exchange Commission rules and forms. There was no significant change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

The following exhibits are filed as part of this report on Form 10-Q:

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)

32.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. 1350

32.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. 1350

(b) Reports on Form 8-K:

Current Report on Form 8-K dated August 20, 2003 announcing second quarter consolidated earnings.

SIGNATURES

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

ASTRO-MED, INC.
(Registrant)

Date: November 26, 2003 By /s/ A. W. Ondis

A. W. Ondis, Chairman
(Principal Executive Officer)

Date: November 26, 2003 By /s/ Joseph P. O'Connell

President and Treasurer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)

I, Albert W. Ondis, Chairman and Chief Executive Officer, of Astro-Med, Inc. (the "Company") certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astro-Med Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our

supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) (Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986);

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 26, 2003

/s/ A. W. Ondis

Albert W. Ondis,
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)

I, Joseph P. O'Connell, Executive Vice President and Chief Financial Officer of Astro-Med, Inc. (the "Company") certify that:

1. I have reviewed this quarterly report on Form 10-Q of Astro-Med. Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) (Paragraph omitted in accordance with SEC transition instructions contained in SEC Release 34-47986);

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 26, 2003

/s/ Joseph P. O'Connell

Joseph P. O’Connell, Vice
President and Treasurer
(Principal Financial Officer)

Exhibit 32.1

**ASTRO-MED, INC.
CERTIFICATION PURSUANT TO
Rule 13a-14(b) and
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Astro-Med. Inc. (the “Company”) on Form 10-Q for the period ending November 1, 2003 as filed with the Securities and Exchange Commission on the Date hereof (the “Report”), I, Albert W. Ondis, Chairman and Chief Executive Officer, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 26, 2003

/s/ A. W. Ondis

A. W. Ondis, Chairman
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Astro-Med, Inc. and will be retained by Astro-Med, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**ASTRO-MED, INC.
CERTIFICATION PURSUANT TO
Rule 13a-14(b) and
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Astro-Med. Inc. (the “Company”) on Form 10-Q for the period ending November 1, 2003 as filed with the Securities and Exchange Commission on the Date hereof (the “Report”), I, Joseph P. O’Connell, Vice President and Treasurer of the Company, certify, pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 26, 2003

/s/ Joseph P. O’Connell

Joseph P. O’Connell, Vice President and Treasurer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Astro-Med, Inc. and will be retained by Astro-Med, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.