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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 July 31, 2004

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 - 5,309,691 shares
(excluding treasury shares) as of August 20, 2004

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Part I. FINANCIAL INFORMATION

ASTRO-MED, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	July 31, 2004	January 31, 2004
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,729,959	$ 4,998,643
Securities Available for Sale	7,409,904	7,678,684
Accounts Receivable, Net	10,092,044	9,814,784
Inventories	9,235,239	9,110,167
Deferred Tax Assets	3,720,346	—
Prepaid Expenses and Other Current Assets	729,119	414,833
Total Current Assets	36,916,611	32,017,111
PROPERTY, PLANT AND EQUIPMENT	25,894,050	25,166,761
Less Accumulated Depreciation	(18,637,508)	(18,042,022)
	7,256,542	7,124,739
OTHER ASSETS		
Goodwill	2,336,721	2,336,721
Amounts Due from Officers	480,314	480,314
Other	167,314	106,072
	$ 47,157,502	$ 42,064,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 2,371,506	$ 2,156,896
Accrued Compensation	1,425,356	2,509,434
Accrued Expenses	3,548,187	2,817,118
Income Taxes Payable	253,594	34,380
Total Current Liabilities	7,598,643	7,517,828
DEFERRED TAX LIABILITIES	1,219,606	—
SHAREHOLDERS' EQUITY		
Preferred Stock, $10 Par Value, Authorized 100,000 Shares, None Issued	—	—
Common Stock, $.05 Par Value, Authorized 13,000,000 Shares, Issued, 6,281,386 and 5,716,061 Shares, respectively (Note 1)	314,069	285,803
Additional Paid-In Capital (Note 1)	15,780,131	8,336,806
Retained Earnings (Note 1)	28,245,716	31,703,077
Treasury Stock, at Cost, 971,695 and 969,695 Shares, respectively	(6,115,860)	(6,095,755)
Accumulated Other Comprehensive Income	115,197	317,198
	38,339,253	34,547,129
	$ 47,157,502	$ 42,064,957

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ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three-Months Ended	
	July 31, 2004	August 2, 2003
	(Unaudited)	
Net Sales	$13,990,031	$14,023,364
Cost of Sales	8,070,197	8,206,989
Gross Profit	5,919,834	5,816,375
Costs and Expenses:		
Selling, General and Administrative	4,036,545	3,932,498
Research and Development	966,139	906,754
	5,002,684	4,839,252
Operating Income	917,150	977,123
Other Income (Expense):		
Investment Income	89,959	47,028
Other, Net	(65,725)	(13,987)
	24,234	33,041
Income Before Income Taxes	941,384	1,010,164
Income Tax Provision	(338,905)	(200,227)
Net Income	$ 602,479	$ 809,937
Net Income Per Common Share:		
Basic	$ 0.11	$ 0.17
Diluted	$ 0.10	$ 0.16
Weighted Average Number of Common Shares Outstanding:		
Basic	5,307,253	4,638,138
Diluted	5,817,430	5,031,628
Dividends Declared Per Common Share	$ 0.04	$ 0.04

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ASTRO-MED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Six-Months Ended	
	July 31, 2004	August 2, 2003
	(Unaudited)	
Net Sales	$28,232,298	$27,237,484
Cost of Sales	16,518,360	16,371,376
Gross Profit	11,713,938	10,866,108
Costs and Expenses:		
Selling, General and Administrative	7,937,730	7,625,222
Research and Development	1,923,558	1,776,383
	9,861,288	9,401,605
Operating Income	1,852,650	1,464,503
Other Income (Expense):		
Investment Income	198,609	94,964
Other, Net	(78,707)	(11,237)
	119,902	83,727
Income Before Income Taxes	1,972,552	1,548,230
Income Tax Benefit (Provision)	228,197	(232,234)
Net Income	$ 2,200,749	$ 1,315,996
Net Income Per Common Share:		
Basic	$ 0.42	$ 0.28
Diluted	$ 0.38	$ 0.27
Weighted Average Number of Common Shares Outstanding:		
Basic	5,276,321	4,658,105
Diluted	5,834,141	4,856,583
Dividends Declared Per Common Share	$ 0.08	$ 0.08

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

	Six-Months Ended	
	July 31, 2004	August 2, 2003
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income	$ 2,200,749	$ 1,315,996
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	603,429	714,998
Deferred Income Taxes	(938,917)	—
Changes in Assets and Liabilities:		
Accounts Receivable	(277,260)	(631,390)
Inventories	(261,355)	(803,614)
Other	118,975	87,135
Income Taxes Payable	219,214	181,356
Accounts Payable and Accrued Expenses	(490,999)	691,286
Total Adjustments	(1,026,913)	239,771
Net Cash Provided by Operating Activities	1,173,836	1,555,767
Cash Flows from Investing Activities:		
Proceeds from Maturities of Securities Available for Sale	2,329,043	821,989
Purchases of Securities Available for Sale	(2,179,410)	(1,525,216)
Additions to Property, Plant and Equipment	(623,117)	(262,127)
Net Cash Used by Investing Activities	(473,484)	(965,354)
Cash Flows from Financing Activities:		
Principal Payments on Capital Leases	—	(4,483)
Proceeds from Common Shares Issued Under Employee Benefit Plans and Exercises of Stock Options	453,066	266,992
Shares Repurchased	(20,105)	(235,146)
Dividends Paid	(401,997)	(339,131)
Net Cash Provided (Used) by Financing Activities	30,964	(311,768)
Net Increase in Cash and Cash Equivalents	731,316	278,645
Cash and Cash Equivalents, Beginning of Period.	4,998,643	3,217,035
Cash and Cash Equivalents, End of Period	$ 5,729,959	$ 3,495,680
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Income Taxes	$ 66,835	$ 50,878
Non-cash Transfer from Retained Earnings to Capital Stock and Additional Paid in Capital Due to the Issuance of the 10% Stock Dividend	$ 5,245,927	$ —

ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2004

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, 2004. Certain reclassifications have been made to conform to the current period reporting format.

(b) *10% Stock Dividend:* On April 19, 2004, the Company declared a 10% stock dividend that was distributed to shareholders on May 26, 2004. An amount equal to the fair value of the additional shares was transferred from Retained Earnings to Additional Paid in Capital and Common Stock as of the declaration date. All income per share and weighted average share amounts for all periods have been restated to reflect the impact of the 10% stock dividend.

(c) Net income 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 per share is based on the weighted average number of shares outstanding during the period. Net income 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		Six-Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Weighted Average Common Shares Outstanding – Basic	5,307,253	4,638,138	5,276,321	4,658,105
Diluted Effect of Options Outstanding	510,177	393,490	557,820	198,478
Weighted Average Common Shares Outstanding – Diluted	5,817,430	5,031,628	5,834,141	4,856,583

For the three-months ended July 31, 2004 and August 2, 2003, the diluted per share amounts do not reflect options outstanding of 252,450 and 889,130, 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.

For the six-months ended July 31, 2004 and August 2, 2003, respectively, the diluted per share amounts do not reflect options outstanding of 252,450 and 1,121,725, 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)
July 31, 2004

As permitted by Statement on Financial 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 at the grant dates consistent with the method set forth under SFAS No. 123, the Company's net income and net income per share would have changed to the pro forma amounts indicated below:

	Three-Months Ended		Six-Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Net Income				
As Reported	$ 602,479	$ 809,937	$ 2,200,749	$ 1,315,996
Less: Total Stock-Based Employee Compensation Expense Determined Under Fair Value Based Method	71,982	60,324	81,579	83,274
Pro Forma	$ 530,497	$ 749,613	$ 2,119,170	$ 1,232,722
Net Income Per Share				
As Reported, Basic	$ 0.11	$ 0.17	$ 0.42	$ 0.28
Pro Forma, Basic	$ 0.10	$ 0.16	$ 0.40	$ 0.26
As Reported, Diluted	$ 0.10	$ 0.16	$ 0.38	$ 0.27
Pro forma, Diluted	$ 0.09	$ 0.15	$ 0.36	$ 0.25

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 or training obligations. When a sale arrangement involves training or installation the deliverables in the arrangement are evaluated to determine whether they represent separate units of accounting. This evaluation occurs at inception of the arrangement and as each item in the arrangement is delivered. The total fee from the arrangement is allocated to each unit of accounting based on its relative fair value. Fair value for each element is established generally based on the sales price charged when the same or similar element is sold separately. Revenue is recognized when revenue recognition criteria for each unit of accounting are met. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled.

NOTE 2 – COMPREHENSIVE INCOME

The Company's total comprehensive income is as follows:

	Three-Months Ended		Six-Months Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Comprehensive Income:				
Net Income	$ 602,479	$809,937	$2,200,749	$1,315,996
Other Comprehensive Income (Loss):				
Foreign currency translation adjustments, net of tax	(61,010)	2,911	(133,706)	35,017
Unrealized gain (loss) in securities:				
Unrealized holding gain (loss) arising during the period, net of tax	(52,175)	(2,728)	(68,295)	(1,875)
Reclassification adjustment for (gain) included in net income, net of tax	—	(797)	—	(797)
Other Comprehensive Income(Loss)	(113,185)	(614)	(202,001)	32,345
Comprehensive Income	$ 489,294	$809,323	$1,998,748	$1,348,341

ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
July 31, 2004

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:

	July 31, 2004	January 31, 2004
Raw Materials	$ 5,037,286	$ 4,775,796
Work-In-Process	1,107,543	734,374
Finished Goods	3,090,410	3,599,997
	$ 9,235,239	$ 9,110,167

NOTE 4 – INCOME TAXES

An income tax expense of $339,000 and $200,000 were recorded for the three-months ending July 31, 2004 and August 2, 2003, respectively. The effective tax rate for the three-months ending July 31, 2004 and August 2, 2003 were 36% and 20%, respectively. For the six-months ending July 31, 2004, a $228,000 income tax benefit was incurred as a result of the recording of 1) an income tax expense on the current year's income of $711,000 which is equal to an effective rate of 36% and 2) a $939,000 one-time non-cash tax benefit recorded in the first quarter of the current fiscal year related to the release of the valuation allowance on the net deferred tax asset that was established in fiscal year 2003. In fiscal year 2003, as required by SFAS 109 "Accounting for Income Taxes", the Company established a full valuation allowance on its net deferred tax asset as a result of the uncertainty as to whether these deferred tax assets would "more likely than not" be realized in the future. Based on the facts and circumstances at that time, it was determined that a full valuation allowance was required and it was stated that until an appropriate level of profitability could be sustained no tax benefits would be realized. As of the first quarter of fiscal year 2005, Management believes that an appropriate level of profitability has been established and maintained and it is more likely than not the deferred tax assets will be realized in the future. Management made this determination based on a review of the facts and circumstances as of May 1, 2004. This review consisted of an analysis of the Company's performance, the market environment in which the Company currently operates, the length of carryforward periods, the existing sales backlog and the future sales projections.

For the six months ending August 2, 2003, an income tax expense of $232,000 was recorded which equaled a 15% effective tax rate. The effective tax rate for the six-months ending August 2, 2003 reflected the favorable impact of the net operating loss carryforward and the utilization of certain other deferred tax assets which were fully reserved. The effective income tax rates used in the interim condensed financial statements are estimates of the full year's rates.

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ASTRO-MED, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
July 31, 2004

NOTE 5 – SEGMENT INFORMATION

Summarized below are the sales and segment operating profit for each reporting segment for three-months ended July 31, 2004 and August 2, 2003:

	Sales		Segment Operating Profit	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
T&M	$ 2,639,000	$ 3,120,000	$ 242,000	$ 333,000
QLS	7,271,000	6,104,000	1,085,000	718,000
G-T	4,080,000	4,799,000	322,000	612,000
Total	$13,990,000	$14,023,000	1,649,000	1,663,000
Corporate Expenses			732,000	686,000
Operating Income			917,000	977,000
Other Income Net			24,000	33,000
Income Before Income Taxes			941,000	1,010,000
Income Tax Provision			(339,000)	(200,000)
Net Income			$ 602,000	$ 810,000

Summarized below are the sales and segment operating profit (loss) for each reporting segment for the six-months ended July 31, 2004 and August 2, 2003:

	Sales		Segment Operating Profit (Loss)	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
T&M	$ 5,581,000	$ 5,064,000	$ 317,000	$ (31,000)
QLS	14,203,000	12,114,000	1,869,000	1,335,000
G-T	8,448,000	10,059,000	1,044,000	1,573,000
Total	$28,232,000	$27,237,000	3,230,000	2,877,000
Corporate Expenses			1,377,000	1,413,000
Operating Income			1,853,000	1,464,000
Other Income, Net			120,000	84,000
Income Before Income Taxes.			1,973,000	1,548,000
Income Tax Benefit (Provision)			228,000	(232,000)
Net Income			$2,201,000	$1,316,000

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

NOTE 6 – PRODUCT WARRANTY LIABILITY

Changes in the Company's product warranty liability during the period ending July 31, 2004 and August 2, 2003, respectively are as follows:

	July 31, 2004	August 2, 2003
Balance, beginning of the period	$ 176,000	$ 170,000
Warranties issued during the period	252,723	163,596
Settlements made during the period	(222,723)	(163,930)
Balance, end of the period	$ 206,000	$ 169,666

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

Business Overview

This section should be read in conjunction with the Condensed Consolidated Financial Statements of the Company included elsewhere herein and the Company's January 31, 2004 Form 10-K.

Astro-Med, Inc. is a multi-national enterprise, which designs, develops, manufactures, distributes and services a broad range of products that acquire, store, analyze and present data in multiple formats. The Company organizes its structure around a core set of competencies, including research and development, manufacturing, service, marketing and distribution. It markets and sells its products and services through the following three business segments:

Test and Measurement Product Group (T&M) represents a suite of telemetry recorder products sold to the aerospace and defense industries, as well as portable data acquisition recorders, which offer diagnostic and test functions to a wide range of manufacturers, including paper, energy, automotive and steel fabrication.

QuickLabel Systems Product Group (QLS) offers hardware, software and media products that create digital images, store the images and present the images in color or non-color formats on a broad range of media substrates.

Grass-Telefactor Product Group (G-T) encompasses diagnostic and monitoring products that serve the clinical neurophysiology markets as well as a range of biomedical instrumentation products and supplies focused on the life sciences markets.

The Company markets and sells its products and services globally through a diverse distribution structure of sales personnel, manufacturing representatives and dealers that deliver a full complement of branded products and services to customers in several markets.

In the first six-months of fiscal year 2005, the Company's sales grew 4% from last year. The growth was dominated by shipments in QLS and T&M product groups where sales increments of 17% and 10% respectively were realized. Our Grass-Telefactor sales volume declined 16% during this time frame. QuickLabel's customers continued to respond positively to color printer systems as an effective solution to product identification, product control (barcode) and product promotion (color) needs. The T&M product group's strong sales performance is a result of the increased demand for the Portable Dash 18 and 8x Data Recorders. The Grass-Telefactor product group sales were impacted by the cyclical Long-term Epilepsy Monitoring (LTM) sales, and seasonal delays of clinical and research product purchases in the 2nd quarter of the current fiscal year.

Results of Operations

Three-Months Ending July 31, 2004 vs. Three-Months Ending August 2, 2003

	July 31, 2004	Sales as a % of Total Sales	August 2, 2003	Sales as a % of Total Sales	% Increase (Decrease) Over Prior Year
T&M	$ 2,639,000	*18.9 %*	$ 3,120,000	*22.2 %*	*(15.4) %*
QuickLabel	7,271,000	*52.0 %*	6,104,000	*43.5 %*	*19.1 %*
G-T	4,080,000	*29.1 %*	4,799,000	*34.3 %*	*(15.0) %*
Total	$13,990,000	*100.0 %*	$14,023,000	*100.0 %*	*(0.2) %*

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

Results of Operations (continued):

Three-Months Ending July 31, 2004 vs. Three-Months Ending August 2, 2003

Sales in the quarter were $13,990,000, approximately flat with the prior year's second quarter sales of $14,023,000. Hardware and software system sales decreased 7% over the prior year's second quarter. Supplies and media sales increased 10% over the prior year. Domestic sales were $9,804,000, up less than 1% from $9,729,000 for the second quarter of the prior fiscal year. Sales through the Company's international channels were $4,186,000, down 3% over previous the year's second quarter sales of $4,294,000.

Gross profit dollars were $5,920,000 which generated a margin yield of 42.3% for the quarter as compared to a margin yield in last year's second quarter of 41.5%. The higher gross profit percentage in the second quarter can be attributed to the better margins in the QuickLabel product group resulting from product mix and the completion and delivery of a non-recurring engineering development contract.

Operating expenses in the quarter were $5,003,000. Selling and general administrative (SGA) spending increased 3% from last year to $4,037,000. Research & Development spending increased 7% from last year to $966,000. The increase in research & development spending can be attributed to an increase in personnel.

An income tax expense of $339,000 and $200,000 was recorded for the three-months ending July 31, 2004 and August 2, 2003, respectively. The effective tax rate for the three-months ending July 31, 2004 and August 2, 2003 was 36% and 20%, respectively. The effective tax rate for the three-months ending August 2, 2003 reflected the favorable impact of a net operating loss carryforward and the utilization of certain other deferred tax assets which were fully reserved.

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 for each reporting segment for three-months ended July 31, 2004 and August 2, 2003:

	Sales		Segment Operating Profit	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
T&M	$ 2,639,000	$ 3,120,000	$ 242,000	$ 333,000
QLS	7,271,000	6,104,000	1,085,000	718,000
G-T	4,080,000	4,799,000	322,000	612,000
Total	$13,990,000	$14,023,000	1,649,000	1,663,000
Corporate Expenses			732,000	686,000
Operating Income			917,000	977,000
Other Income, Net			24,000	33,000
Income Before Income Taxes			941,000	1,010,000
Income Tax Provision			(339,000)	(200,000)
Net Income			$ 602,000	$ 810,000

T&M's sales were $2,639,000, down 15% from the $3,120,000 in the second quarter of the previous year. This decrease in T&M's sales can be attributed to delays in Everest Telemetry Workstation orders tempered by an increase in Dash 18 and Dash 8X Recorder sales. T&M's segment profit margin declined to 9% in the quarter from 11% in the previous year as result of the leverage lost on the previous year's higher sales.

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

Results of Operations (continued):

Three-Months Ending July 31, 2004 vs. Three-Months Ending August 2, 2003

QLS's sales increased to $7,271,000, a 19% increase over the $6,104,000 of sales reported in the second quarter of the previous year. Printer and media sales increased 34% and 12%, respectively. Excluding the impact of a non-recurring engineering development contract, printer sales increased 18%. This increase in QLS's printer sales can be attributed to the sales generated from the 4100Xe and the 8100Xe printers. QLS's second quarter segment operating profit margin improved to 15% up from 12% in the previous year. The increase in margin is attributed to the higher sales volume, the non-recurring engineering development contract and lower manufacturing costs.

G-T sales in the quarter were $4,080,000, down 15% from $4,799,000 reported in the second quarter of the previous year. The lower sales are traceable to lower Long-term Epilepsy Monitoring (LTM) sales, as well as clinical and research instrumentation product sales. The G-T segment operating profit margin decreased to 8% in the second quarter from 13% in the previous year. The decrease can be attributed to the lower sales.

Six-Months Ending July 31, 2004 vs. Six-Months Ending August 2, 2003

	July 31, 2004	Sales as a % of Total Sales	August 2, 2003	Sales as a % of Total Sales	% Increase (Decrease) Over Prior Year
T&M	$ 5,581,000	*19.8 %*	$ 5,064,000	*18.6 %*	*10.2 %*
QuickLabel	14,203,000	*50.3 %*	12,114,000	*44.5 %*	*17.2 %*
G-T	8,448,000	*29.9 %*	10,059,000	*36.9 %*	*(16.0) %*
Total	$28,232,000	*100.0 %*	$27,237,000	*100.0 %*	*3.7 %*

Sales for the first six-months of the current year were $28,232,000, a 4% increase over the $27,237,000 from the first six-months of the prior year. Hardware and software system sales were flat with the prior year. Supplies and media sales increased 9% over the prior year. Domestic sales were $19,684,000, up 3% from $19,090,000 for the six-months of the prior fiscal year. Sales through the Company's international channels were $8,548,000, up 5% over previous year's six-months sales of $8,147,000. Excluding the favorable impact of foreign exchange rates, international sales were flat with the prior year.

Gross profit dollars were $11,714,000, which generated a margin yield of 41.5% for the six-months of the current year as compared to a margin yield for the first six-months of last year of 39.9%. The higher margin percentage for the first six-months of this year can be attributed to the change in sales mix and the completion and delivery on a non-recurring engineering development contract and lower manufacturing costs.

Operating expenses for the six-months were $9,861,000. Selling and general administrative spending was up 4% from last year to $7,938,000. The increase in selling and general administrative spending can be attributed to the increase in personnel costs and increases in advertising and tradeshow expenses.

Research and development funding increased 8% from the prior year to $1,924,000. This increase can be attributed primarily to the increase in personnel costs.

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

Results of Operations (continued):

Six-Months Ending July 31, 2004 vs. Six-Months Ending August 2, 2003

For the six-months ending July 31, 2004, a $228,000 income tax benefit was incurred as a result of 1) an income tax expense on the current year's income of $711,000 which is equal to an effective rate of 36% and 2) a $939,000 one-time non-cash tax benefit recorded in the first quarter of the current fiscal year related to the release of the valuation allowance on the net deferred tax asset that was established in fiscal year 2003. In fiscal year 2003, as required by SFAS 109 "Accounting for Income Taxes", the Company established a full valuation allowance on its net deferred tax asset as a result of the uncertainty as to whether these deferred tax assets would "more likely than not" be realized in the future. Based on the facts and circumstances at that time, it was determined that a full valuation allowance was required and it was stated that until an appropriate level of profitability could be sustained no tax benefits would be realized. As of the first quarter of fiscal year 2005, Management believes that an appropriate level of profitability has been established and maintained and it is more likely than not the deferred tax assets will be realized in the future. Management made this determination based on a review of the facts and circumstances as of May 1, 2004. This review consisted of an analysis of the Company's performance, the market environment in which the Company currently operates, the length of carryforward periods, the existing sales backlog and the future sales projections.

For the six months ending August 2, 2003, an income tax expense of $232,000 was recorded which equaled a 15% effective tax rate. The effective tax rate for the six-months ending August 2, 2003 reflected the favorable impact of the net operating loss carryforward and the utilization of certain other deferred tax assets which were fully reserved. The effective income tax rates used in the interim condensed financial statements are estimates of the full year's rates.

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 the six-months ended July 31, 2004 and August 2, 2003:

	Sales		Segment Operating Profit (Loss)	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
T&M	$ 5,581,000	$ 5,064,000	$ 317,000	$ (31,000)
QLS	14,203,000	12,114,000	1,869,000	1,335,000
G-T	8,448,000	10,059,000	1,044,000	1,573,000
Total	$28,232,000	$27,237,000	3,230,000	2,877,000
Corporate Expenses			1,377,000	1,413,000
Operating Income			1,853,000	1,464,000
Other Income, Net			120,000	84,000
Income Before Income Taxes.			1,973,000	1,548,000
Income Tax Benefit (Provision)			228,000	(232,000)
Net Income			$2,201,000	$1,316,000

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

Results of Operations (continued):

Six-Months Ending July 31, 2004 vs. Six-Months Ending August 2, 2003 (Continued)

T&M's product sales were $5,581,000, up 10% from the $5,064,000 in the first six-months of the previous year. This increase in T&M's sales can be attributed to an increase Dash 18 and Dash 8X Recorder sales. For the six-months ending July 31, 2004 Everest Telemetry Workstation sales were essentially flat with the prior year. T&M's segment profit (loss) margin increased to a profit of 6% in the period from a (loss) of (1)% in the previous year. The increase in T&M's margin is attributed to the higher sales and better manufacturing overhead absorption.

QLS's sales increased to $14,203,000, a 17% increase over the $12,114,000, of sales reported in the first six-months of the previous year. This increase is attributed to a 27% growth in printer sales and a 13% increase in media sales. Excluding the impact of the non-recurring engineering contract revenue recorded in the second quarter printer sales for the six-months ending July 31, 2004 increased 19%. The increase in printer sales can be attributed primarily to the increased sales of the 4100Xe and 8100Xe printers. QLS's segment profit margin increased to 13% in the first six-months, up from 11% 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.

G-T sales decreased to $8,448,000, down 16% from $10,059,000 reported in the first six-months of the previous year. The lower sales are traceable to the lower Long-term Epilepsy Monitoring (LTM), PSG (sleep monitoring) and research instrumentation product sales. The G-T segment operating profit margin declined to 12% for the first six-months of this year from 16% in the previous year. The decline in margin is attributed to the lower sales volume.

Financial Condition:

The Company's Statements of Cash Flows for the six-months ending July 31, 2004 and August 2, 2003 are included on page 6. Net cash flow provided by operating activities for the six-months ending July 31, 2004 and August 2, 2003 were $1,174,000 and $1,556,000 respectively. The decline in the cash flow between these periods can be primarily attributed to the payment of bonuses and commissions in the six–months ending July 31, 2004 that pertains to fiscal year 2004.

Cash and securities available for sale at the end of the second quarter totaled $13,140,000, up from $12,677,000 at year-end. The accounts receivable collection cycle slowed by three days to 60 net days sales outstanding at the end of the quarter as compared to the 57 net days outstanding at year-end. Inventory increased to $9,235,000 from year-end. Inventory turns remained at 3.0 times consistent with year-end.

Capital expenditures were $623,000 for the six-months ended July 31, 2004 as the Company purchased machinery and equipment, information technology hardware and software and tools and dies.

The Company paid cash dividends for the six-months ending July 31, 2004 of $402,000 or $0.08 per common share. On April 19, 2004, the Company declared a 10% stock dividend to shareholders and distributed the shares on May 26, 2004.

In the second quarter, the Company received $453,000 from the exercise of stock options and other employee stock benefit purchases.

In the second quarter ending July 31, 2004, the Company repurchased shares of its common stock at a cost of $20,100. As of July 31, 2004, the Company had Board authorization to acquire an additional 216,600 common stock shares, which was increased to 600,000 shares on August 16, 2004.

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Critical Accounting Policies, Commitments and Certain Other Matters:

In the Company's Form 10-K for the year ended January 31, 2004, 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 Disclosure about Market Risk

The Company's exposure to market risk has not changed materially from its exposure at January 31, 2004 as set forth in Item 7A in its Form 10K for the fiscal year ended January 31, 2004.

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 within 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 4. Results of Votes of Security Holders

An Annual Meeting of Shareholders of the registrant was held May 11, 2004.

In an uncontested election, nominees for directors were elected by the following votes:

Name of Nominee for Director	Votes For	Votes Withheld
Albert W. Ondis	4,372,743	52,738
Everett V. Pizzuti	4,380,686	44,795
Jacques V. Hopkins	4,314,996	110,485
Hermann Viets	4,317,421	108,060
Graeme MacLetchie	4,317,421	108,060

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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 May 24, 2004, indicating that a press release which disclosed unaudited financial information related to fiscal 2005 first quarter earnings.

Current Report on Form 8-K dated On May 26, 2004, indicating that a press release in which it commented on its recent share price decline and affirmed its share buyback program.

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: September 7, 2004	By	/s/ A. W. Ondis
		A. W. Ondis, Chairman (Principal Executive Officer)
Date: September 7, 2004	By	/s/ Joseph P. O'Connell
		Joseph P. O'Connell, Vice 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: September 7, 2004

/s/ Albert 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: September 7, 2004

/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 July 31, 2004 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: September 7, 2004

/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 July 31, 2004 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: September 7, 2004

/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.