ASTRO MED INC /NEW/

FORM 10-K405
(Annual Report (Regulation S-K, item 405))

Filed 4/20/1998 For Period Ending 1/31/1998

Address	600 E GREENWICH AVE
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CIK	0000008146
Industry	Computer Peripherals
Sector	Technology
Fiscal Year	01/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934]

FOR THE FISCAL YEAR ENDED JANUARY 31, 1998

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)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (401) 828-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
NONE	NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

COMMON STOCK, $.05 PAR VALUE
(TITLE OF CLASS)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form

10-K or any amendment to this Form 10-K. [X]

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 [_]

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of March 17, 1998.
Common Stock, $.05 Par Value: $28,473,288

Indicate the number of shares outstanding (excluding treasury shares) of each of the issuer's classes of common stock as of March 17, 1998.
Common Stock, $.05 Par Value: 4,784,827 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive proxy statement for the 1998 annual meeting of shareholders are incorporated by reference into Part III.

ASTRO-MED, INC.

FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

ASTRO-MED, INC.

PART I

ITEM 1. BUSINESS

GENERAL

Astro-Med, Inc., incorporated in Rhode Island in January 1969, operates in the industry segment described below. There was no significant change in the nature of the Company's business during the year ended January 31, 1998 (herein referred to as "fiscal 1998").

The Company and its subsidiaries and their representatives may from time to time make written or oral statements, including statements contained in the Company's filings with the Securities and Exchange Commission (SEC) and in its reports to shareholders, including this annual report which constitute or contain "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 or by the SEC in its rules, regulations and releases.

All statements other than statements of historical facts included in this annual report regarding the Company's financial position and operating and strategic initiatives and addressing industry developments are forward-looking statements. Where, in any forward-looking statement, the Company, or its management, expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. 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 & measurement markets, especially defense and aerospace; competition in the specialty printer industry; ability to develop market acceptance of the QLS printer products and effective design of customer required features; competition in the data acquisition industry; competition in the neurophysiology industry; the business abilities and judgment of personnel; the impacts of unusual items resulting from ongoing evaluations of business strategies; and changes in business strategy.

NARRATIVE DESCRIPTION OF BUSINESS

PRODUCTS

OVERVIEW

The Company develops, designs, manufactures and sells three distinct product groups that are tied together by a common thread--the ability to acquire information and present it in a more useable form. The Test & Measurement Group of products takes scientific signals and prints them onto charts or electronic media; the Bar Code Printer Products Group known as QuickLabel(R) Systems (QLS), includes printers and media that create product and packaging labels and tags in one or many colors from a computer file; the Grass Group takes signals that reflect the physiological status of living creatures--from crayfish to man--and records them on paper--or hard drive--or on a CD-ROM.

Test and Measurement(T&M) Products

The Test and Measurement Group started with the stylus-based chart recorder introduced in 1971, progressing to recorders with solid-state electronic printheads and now featuring our completely digital Data Acquisition Systems. Test and Measurement product lines include the MT-series(TM), multi-channel, multi-function machines that emphasize expandability and flexibility; the Dash-series(TM) of portable recorders that can record data wherever it may be, under almost any condition in the field as well as the lab; and the new Astro- DAQ(TM) paperless data acquisition system that acquires data directly to a hard drive where it can be transferred--either by a direct connection or over a modem--to a personal computer for analysis.

The size of the recorders range from the portable 2-channel Dash II(TM) to the world-standard 32-channel rack mounted MT95K2(TM), and range in price from about $5,500 to $25,000 each. The AstroDAQ(TM) can record from

4 to 300 channels depending on the configuration of the individual machine and the number of systems linked together. All recording systems have corresponding software packages that provide for recorder control and data review and manipulation.

One other specialty printer completes the Company's T & M product offerings--the TOUGH WRITER(TM) ruggedized COTS PostScript page printer for military, airborne, shipboard and heavy industrial applications.

QuickLabel Systems Products(TM) (QLS)

The Company continues to expand its line of digital color label printers. The Company recently introduced in February of fiscal year 1999 the 2000 and 3000 series of color label printers. This exciting line of four printers significantly broadens the customer base for color printers. With either two or three print stations and both one- and two-side configurations, the 2000 and 3000 series brings color printing to general applications, at a remarkably affordable price. The Color QuickLabel-4(TM), including its exclusive algorithm for near photographic quality printers, MicroCell(TM), continues as the top-of-the-line, full process color printer for creating near lithographic quality labels and tags in both full process and spot color, in any quantity, on-site and on-demand.

The Company also manufactures monochrome thermal/thermal transfer printers that produce high-quality bar code labels quickly and easily in almost any format required. The TOP HAND 2(TM) printer produces labels up to 5 inches wide at up to 10 inches per second while the RANGE BOSS(TM) 8 1/2 inch wide format printer creates shipping labels and other large formats quickly and reliably.

Rounding out the Company's printer products is a large variety of printer consumables including thermal transfer ribbons, labels and tags. A wide range of materials are available, all manufactured on-site, to guarantee a finished label that meets almost any requirements from single-use paper labels to garment labels, to outdoor signage and product labels of almost any description.

Grass Products

The Grass(R) Instrument Division serves both research and clinical neurophysiology markets world-wide. The Grass name and product line is renowned in universities, medical centers and pharmaceutical companies and the Company is now building on that brand recognition by combining superior quality and market understanding with the newest technology. This year the Company introduced the Grass Heritage PSG system, the Company's first complete digital system designed exclusively as a sleep system. This system, designed for the growing sleep studies market, complements the Heritage EEG system, providing solutions for all clinical physiological recording requirements.

Other new products include PolyVIEW PRO(TM), a Windows 95 based system for data acquisition and analysis of signals in biomedical research, and the BrainTree(TM) system designed to offer users the best of both the traditional analog and the new digital worlds.

The Company continues to offer the traditional Grass product line of classical EEG and polysomnograph systems as well as neurodata acquisition systems such as the Model 12 and newer Model 15 which feature the world renowned Grass amplifiers.

Rounding out the offerings from Grass is a complete line of stimulators, transducers, electrodes and consumables, products with traditionally strong sales year-to-year which should continue to expand with the installed base of Grass products.

TECHNOLOGY

Historically, the Company has concentrated its research and development efforts toward various methods to acquire, process, store and print data so that the data can be analyzed, manipulated, stored or affixed to a product.

In recent years, the Company has developed and refined its digital printing and data acquisition systems. As its technology has become more advanced and comprehensive, the Company has been able to enter an increasingly wide range of markets.

PATENTS AND COPYRIGHTS

The Company holds a number of product patents in the United States and in foreign countries. It has filed application for other patents that are pending. In April 1988, the Company was granted Patent No. 4,739,344 covering 28 claims related to the MT-9500 as well as the newer MT-95000 and MT95K2. The Company has a patent for its dual sided label printing and has a patent pending for its two side,--4 color process printer,--the CQL-4. The Company considers its patents to be important but does not believe that its business is materially dependent on them. The Company copyrights its extensive software and registers its trademarks.

MANUFACTURING AND SUPPLIES

The Company designs its products and manufactures many of the component parts. The balance of the parts are produced by suppliers to the Company's specifications. Raw materials required for the manufacture of products, including parts produced to the Company's specifications, are generally available from numerous suppliers.

PRODUCT DEVELOPMENT

The Company has maintained an active program of product research and development since its inception. During fiscal 1996, 1997 and 1998, the Company incurred costs of $2,415,494, $2,493,072 and $2,820,292 respectively, on Company-sponsored product development. The Company is committed to product development as a requisite to its growth and expects to continue to increase its research and development efforts in the new year.

MARKETING AND COMPETITION

The Company competes in varied markets throughout the world for all of its products on the basis of proprietary technology, product reputation, delivery, technical assistance and service to customers.

The Company's products are sold to customers in North America and selected European countries by a direct field sales force. The Company distributes a limited number of products within the QLS Division through a nationwide network of dealers. Export sales are distributed primarily through wholly- owned entities formed between fiscal 1988 and 1994 in England, France, Germany, Italy and Canada. Other export sales are made through authorized distributors or agents located in approximately forty countries. No single customer accounted for 10% of the Company's net sales in any of the last three fiscal years.

During the last fiscal year, the Company's products were sold to approximately 4,500 customers.

The Company's product promotion includes full-color advertising campaigns in many leading trade magazines, exhibitions at trade shows, special mailings, and public relations activities.

INTERNATIONAL SALES

Astro-Med International, Inc., a subsidiary of the Company, participates in all export sales. The subsidiary is a Foreign Sales Corporation and qualifies for certain tax benefits provided as an incentive for exports.

In fiscal 1996, 1997 and 1998, net sales to customers in various geographic areas outside the U.S.A., primarily in Canada and Western Europe, amounted to $13,234,380, $11,840,750, and $10,123,156, respectively.

ORDER BACKLOG

The backlog regularly fluctuates. It consists of a blend of orders for end user customers as well as OEM customers. Manufacturing is geared to forecasted demands and applies a rapid turn cycle to meeting customer expectations. Accordingly, the amount of order backlog does not indicate future sales trends and the Company does not normally carry any material backlog.

OTHER INFORMATION

The Company's business is not seasonal in nature.

Most of the Company's products are warranted for one year against defects in materials or workmanship. Warranty expenses have averaged approximately $187,000 a year for the Company's last four fiscal years.

As of March 17, 1998, the Company employed approximately 365 persons. The Company is generally able to satisfy its employment requirements. No employees are represented by a union. The Company believes that employee relations are good.

ITEM 2. PROPERTIES

The following table sets forth information regarding the Company's principal owned properties, all of which are included in the consolidated balance sheet appearing elsewhere in this report.

LOCATION	APPROXIMATE SQUARE FOOTAGE	PRINCIPAL USE
West Warwick, RI.........	116,000	Corporate headquarters, research and development, manufacturing
Braintree, MA............	91,000	Manufacturing
Slough, England..........	1,700	Sales and service

The Company believes its facilities are well maintained, in good operating condition and generally adequate to meet its needs for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

There are no pending or threatened legal proceedings against the Company believed to be material to the financial position or results of operations of the Company.

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

No matters were submitted to a vote of the Company's security holders, through solicitation of proxies or otherwise, during the last quarter of the period covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER

MATTERS

The Company's common stock trades on The Nasdaq Stock Market under the symbol ALOT. The following table sets forth dividend data and the range of high and low closing prices, as furnished by Nasdaq, for the periods indicated.

YEAR ENDED JANUARY 31,	HIGH	LOW	DIVIDENDS PER SHARE
1997:			
First Quarter	9 1/4	7 3/4	.03
Second Quarter	9 3/4	7 5/8	.03
Third Quarter	9	7 3/4	.03
Fourth Quarter	9	7 1/2	.03
1998:			
First Quarter	9 1/4	7 3/4	.04
Second Quarter	9 3/8	8 1/4	.04
Third Quarter	9 1/4	8	.04
Fourth Quarter	8 7/8	7 1/2	.04

The Company had approximately 497 shareholders of record on March 17, 1998 which does not reflect shareholders with beneficial ownership in shares held in nominee name.

ITEM 6. SELECTED FINANCIAL DATA

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	1994	1995	1996	1997	1998
Results of Operations:					
Net Sales	$32,268	$38,233	$43,941	$44,175	$43,748
Net Income	2,981	1,923	1,328	2,288	1,041
Earnings per Common Share-basic	.59	.38	.26	.46	.21
Earnings per Common Share-diluted	.58	.38	.26	.46	.21
Cash Dividends per Common Share	.12	.12	.12	.12	.16
Financial Condition:					
Working Capital	$24,895	$25,487	$26,420	$28,810	$27,111
Total Assets	39,955	42,177	42,303	43,321	42,814
Long-Term Debt, less Current Maturities	296	244	175	258	228

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table provides percentage comparisons of the components of net income as presented in the consolidated statements of income included elsewhere herein for the last three fiscal years.

	% OF NET SALES YEARS ENDED JANUARY 31,			% INCREASE (DECREASE)		
	1996	1997	1998	1996 COMPARED TO 1995	1997 COMPARED TO 1996	1998 COMPARED TO 1997
Net Sales	100%	100%	100%	15 %	1 %	(1)%
Gross Profit	39	38	38	5	(1)	(3)
Selling, General and Administrative	30	28	30	13	(5)	5
Research and Development	6	6	6	(5)	3	13

Sales decreased 1% to $43,748,000 in fiscal 1998 compared to $44,175,000 in fiscal 1997. Excluding changes in foreign currency exchange rates, sales in fiscal year 1998 were slightly higher than fiscal 1997. Looking at the Company's sales by channel presents a varied profile. Domestically, sales rose 4% as our new QuickLabel(R) Systems and Grass Instruments Divisions expanded their respective product lines. Conversely, export sales were disappointing, declining 14% from the previous year as the strong US dollar and Asia's financial crisis had a negative impact on export volume.

The Company's Test and Measurement (T&M) product group declined 10% as soft demand in the aerospace and defense industries adversely affected sales of the recorder products, Dash 10(TM), Dash IV(TM), and MT 95K(TM). On the domestic front, T & M product sales declined 6% while export sales were lower than last year by 23%. Progress was made in sales of the new recorder and data acquisition products, Dash 8 (TM) and AstroDAQ I & II(TM). Combined, these products contributed nearly $2 million in sales during their first full year of introduction.

The QuickLabel(R) Systems (QLS) Product Group reported an 18% increase in sales during the current fiscal year. This group includes the Company's Color QuickLabel Printer, CQL-4(TM), monochrome bar code printers, TOP HAND(TM) and RANGE BOSS(TM), as well as related consumable products. It does not include sales of the 2000 and 3000 series color printers, as these products were launched in February of fiscal year 1999. In the domestic markets, sales increased 19% while growth in the export markets was somewhat lower at 12%.

Grass Instruments sales increased 2% in fiscal year 1998. Sales through our domestic channels rose 10% as demand for the Company's new Digital EEG and PSG systems, Albert Grass Heritage(TM), exceeded $1.4 million. Sales in the export markets tempered that result, with a decrease of 16%. The Company plans to increase its marketing and promotional efforts of the Grass Heritage products in the export market during fiscal year 1999.

Gross Profit Margins were 37.7% in fiscal 1998 as compared to last year's 38.3%. This year's result was more an outgrowth of product mix and lower unit volume rather than any pricing or product cost influences.

Selling, General and Administrative expenses rose 5% during the year to $13,043,000 from $12,451,000. The increment is traceable to the additions in sales personnel and increased spending in promotional activities of marketing, advertising and trade shows. The Company believes its strategy for growth is dependent on an aggressive investment in selling and marketing programs. Historically, the Company has funded its commitment to selling & marketing at greater than 20% of Astro-Med's annual sales volume. This funding level is expected to continue.

R & D expenditures rose 13% during the year to 6% of annual sales. The increase is attributable to new hires, including electrical, software and mechanical engineers, as well as project expenses related to new and existing product lines. The Company will continue to fund R & D at 6% to 7% of its annual sales dollars to ensure a continuous stream of customer focused new products in the recorder, data acquisition, digital printing and neurophysiology markets.

Interest and dividend income rose 37% during fiscal 1998. The improvement is due to the increased cash position provided by operations as well as investing strategies. Interest expense rose 3% from the prior year as capital lease obligations associated with the acquisition of computer hardware and software were contracted. Other income (expense) net, was significantly lower than prior years due to the one time gain realized in the prior year from the sale of securities in the Company's investment portfolio. The Company was nominally affected by fluctuations in foreign currency exchange rates as the US dollar strenghthened against most European currencies.

Income before taxes, as a percent of sales was 3.2% for fiscal 1998 as compared with 6.6% for fiscal 1997. The effective tax rate was 26% for fiscal 1998 against 22% for fiscal 1997. Changes in effective income tax rates from year to year are explained in Note 6 of Notes to Consolidated Financial Statements.

Net Income declined to $1.0 million in fiscal 1998 from $2.3 million in the prior year. Net Income as a percent of sales was 2.4% in fiscal 1998 and 5.2% for fiscal 1997, respectively.

FINANCIAL CONDITION

Net cash flow from operating activities was $2,715,000 in fiscal 1998 as compared with $4,764,000 in fiscal 1997. The decrease in net cash flow in fiscal 1998 was due to changes in working capital requirements and the reduced level of profit in fiscal 1998. Shareholders' equity declined to $35,759,000 from $36,759,000 at fiscal year end 1997 as a result of the stock repurchase activities. During fiscal 1998, the Company repurchased 151,500 shares of common stock at a cost of $1,301,300. As of fiscal year end 1998, 265,824 cumulative shares of common stock had been purchased since fiscal 1996 and 401,676 shares remain available for repurchase under the Board of Directors' authorization.

LIQUIDITY AND CAPITAL RESOURCES

In addition to cash flow from operations, the Company has adequate cash balances and financing arrangements to conduct its operations. The Company's long-term debt includes debt acquired for facilities construction, acquisition of machinery and equipment and major additions to the Company's information technology infrastructure. Capital Expenditures during the year totalled $810,000 and were funded from cash on hand and internally generated funds. The annual dividend rate per share increased to 16 cents in fiscal 1998 from 12 cents in fiscal 1997.

At fiscal 1998 year end, the Company's current ratio was 5.7 to 1. Long term debt was less than 1% of Shareholders' Equity. The Company is financially strong and has no material commitments for capital expenditures and believes capital resources would be available to meet the needs of its business, both on a short-term and long-term basis.

YEAR 2000

The Year 2000 issue is the result of computer programs being written using two digits (rather than four) to define the applicable year. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in system failures or miscalculations.

The Company is currently working to resolve the Year 2000 issue and has established processes for evaluating and managing the risks and costs associated with products sold as well as products purchased by the Company. The Company will utilize both internal and external resources to reprogram or replace, and test the software for Year 2000 modifications. In addition, the Company is communicating with suppliers and customers with whom the Company does business to coordinate the Year 2000 conversion. The Company plans to complete the Year 2000 project by fiscal year end 1999.

Based on current assessments, costs of addressing the Year 2000 issue are not expected to have a material impact on the Company's future financial results.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements required under this item are submitted as a separate section of this report on the pages indicated at Item 14(a)(1). The supplementary data regarding quarterly results of operations is set forth in the following table.

QUARTERLY FINANCIAL DATA (UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	QUARTERS ENDED			
	MAY 4, 1996	AUGUST 3, 1996	NOVEMBER 2, 1996	JANUARY 31, 1997
Net Sales	$10,490	$11,179	$11,111	$11,396
Gross Profit	3,958	4,403	4,539	4,034
Net Income	443	586	684	574
Earnings Per Common Share-basic	.09	.12	.14	.12
Earnings Per Common Share-diluted	.09	.12	.14	.12
	MAY 3, 1997	AUGUST 2, 1997	NOVEMBER 1, 1997	JANUARY 31, 1998
Net Sales	$11,707	$10,677	$11,344	$10,020
Gross Profit	4,504	4,001	4,487	3,520
Net Income (Loss)	578	138	498	(173)
Earnings (Loss) Per Common Share-basic	.12	.03	.10	(.04)
Earnings (Loss) Per Common Share-diluted	.12	.03	.10	(.04)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The response to this item is incorporated by reference to the Company's definitive proxy statement for the 1998 annual meeting of shareholders.

The following is a list of the names and ages of, and the positions and offices presently held by, all executive officers of the Company. All officers serve at the pleasure of the Board of Directors.

NAME	AGE	POSITION
Albert W. Ondis......	72	Chairman, Chief Executive Officer and Director
Everett V. Pizzuti...	61	President, Chief Operating Officer and Director
David M. Gaskill.....	52	Vice President--Research and Development
Joseph P. O'Connell..	54	Vice President and Treasurer, Chief Financial Officer
Elias G. Deeb........	56	Vice President--Manufacturing
A. Eric Bartholomay..	49	Vice President--Sales
Gary A. Dalton.......	40	Controller

All of the persons named above have held the positions identified since January 31, 1985, except as indicated.

Mr. Ondis was previously a Director, the Chief Executive Officer (President) and the Chief Financial Officer (Treasurer) of the Company since 1969.

Mr. Pizzuti was previously a Vice President of the Company functioning as Chief Operating Officer since 1971.

Mr. Gaskill previously had functioned as Vice President--Engineering of the Company since 1974. He is a nephew of Mr. Ondis.

Mr. O'Connell joined the Company in 1996. He previously held senior financial management positions with Cherry Tree Products Inc. (1994-1995), IBI Corporation (1991-1994) and Dennison Manufacturing Company (1975-1990). Mr. O'Connell is also Assistant Secretary of the Company.

Mr. Deeb has held the position identified since 1987. In 1985, he was named General Manager--Media Products after having been Vice President and General Manager since 1981 of a business sold by the Company in 1984.

Mr. Bartholomay has held the position identified since 1991. From 1988, to 1991, he was Manager of International Operations. He previously held various sales and sales-related positions with Rhone-Poulenc Inc. beginning in the United States in 1981. He transferred to France in 1985 and last held the position of Manager of Product and Market Development.

Mr. Dalton joined the Company in 1997. He previously held financial management positions with CVS Corporation (1996-1997), GTECH Corporation (1988-1996), Teradyne Inc. (1983-1987), and Data General Corporation (1981- 1983).

ITEM 11. EXECUTIVE COMPENSATION

The response to this item is incorporated by reference to the Company's definitive proxy statement for the 1998 annual meeting of shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The response to this item is incorporated by reference to the Company's definitive proxy statement for the 1998 annual meeting of shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The response to this item is incorporated by reference to the Company's definitive proxy statement for the 1998 annual meeting of shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Financial Statements:

The following consolidated financial statements of Astro-Med, Inc. and subsidiaries are incorporated by reference in Item 8:

(a)(2) Financial Statement Schedules:

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(a)(3) Exhibits:

EXHIBIT NUMBER	
(3A)	Articles of Incorporation of the Company and all amendments thereto (filed as Exhibit No. 3A to the Company's report on Form 10-Q for the quarter ended August 1, 1992 and by this reference incorporated herein).
(3B)	By-laws of the Company and all amendments thereto (filed as Exhibit No. 3B to the Company's report on Form 10-Q for the quarter ended July 30, 1988 and by this reference incorporated herein).
(4)	Specimen form of common stock certificate of the Company (filed as Exhibit No. 4 to the Company's report on Form 10-K for the year ended January 31, 1985 and by this reference incorporated herein).
(10.1)	Astro-Med, Inc. 1989 Non-Qualified Stock Option Plan, as amended, filed as Exhibit 4.3 to Registration Statement on Form S-8, Registration No. 333-32317 and incorporated by reference herein. (1)
(10.2)	Astro-Med, Inc. 1989 Incentive Stock Option Plan, as amended, filed as Exhibit 28 to Registration Statement on Form S-8, Registration No. 333-43700, and incorporated by reference herein. (1)

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EXHIBIT
NUMBER
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(10.3)  Astro-Med, Inc. 1993 Incentive Stock Option Plan filed as Exhibit 4.3
         to Registration Statement on Form S-8, Registration No. 333-24127,
         and incorporated by reference herein. (1)
(10.4)  Astro-Med, Inc. Non-Employee Director Stock Option Plan filed as
         Exhibit 4.3 to Registration Statement on Form S-8, Registration No.
         333-24123, and incorporated by reference herein. (1)
(10.5)  Astro-Med, Inc. 1997 Incentive Stock Option Plan filed as Exhibit 4.3
         to Registration Statement on Form S-8, Registration No. 333-32315.
         (1)
(21)    List of Subsidiaries of the Company. See page 23.
(23)    Consent of Independent Public Accountants. See page 23.
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(1) Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed by the Company during the last quarter of the period covered by this report.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) 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)

/s/ Albert W. Ondis
By____________________________________
(Albert W. Ondis, Chairman)

Date: April 15, 1998

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATE INDICATED.

SIGNATURE TITLE DATE

/s/ Albert W. Ondis ----------------------------------- *Albert W. Ondis*	*Chairman and Director (Principal Executive Officer)*	*April 15, 1998*
/s/ Everett V. Pizzuti ----------------------------------- *Everett V. Pizzuti*	*President and Director (Principal Operating Officer)*	*April 15, 1998*
/s/ Joseph P. O'Connell ----------------------------------- *Joseph P. O'Connell*	*Vice President and Treasurer (Principal Financial Officer)*	*April 15, 1998*
/s/ Gary A. Dalton ----------------------------------- *Gary A. Dalton*	*Controller (Principal Accounting Officer)*	*April 15, 1998*
/s/ Jacques V. Hopkins ----------------------------------- *Jacques V. Hopkins*	*Director*	*April 15, 1998*

EXHIBIT 21

LIST OF SUBSIDIARIES OF THE COMPANY

NAME	JURISDICTION OF ORGANIZATION
AWO, Inc.	Delaware
Astro-Med International Inc.	Barbados
Astro-Med SRL	Italy
Astro-Med GMBH	Germany

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8: File No. 2-81081 pertaining to the Astro- Med, Inc. Employee Stock Purchase Plan, File No. 33-43699 pertaining to the Astro-Med, Inc. 1982 Incentive Stock Option Plan, File No. 33-43700 pertaining to the Astro-Med, Inc. 1989 Incentive Stock Option Plan, File No. 333-24127 pertaining to the Astro-Med, Inc. 1993 Incentive Stock Option Plan, File No. 333-32315 pertaining to the Astro-Med, Inc. 1997 Incentive Stock Option Plan, File No. 333-32317 pertaining to the 1989 Astro-Med, Inc. Non-Qualified Stock Option Plan and File No. 333-24123 pertaining to the Astro-Med, Inc. Non- Employee Director Stock Option Plan.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
April 15, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Astro-Med, Inc.:

We have audited the accompanying consolidated balance sheets of Astro-Med, Inc. and subsidiaries as of January 31, 1997 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended January 31, 1998. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform our audits 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 Astro-Med, Inc. and subsidiaries as of January 31, 1997 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 1998, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index at Item 14(a)(2) is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
March 17, 1998

ASTRO-MED, INC.

CONSOLIDATED BALANCE SHEETS

AS OF JANUARY 31, 1997 AND 1998

ASSETS	1997	1998
CURRENT ASSETS		
Cash and Cash Equivalents	$ 6,561,184	$ 5,659,552
Securities Available for Sale	7,099,358	7,472,693
Accounts Receivable, Less Reserve of $175,000 in 1997 and $175,788 in 1998	8,311,736	7,828,064
Inventories	10,361,505	10,341,856
Prepaid Expenses and Other Current Assets	1,441,505	1,561,313
Total Current Assets	33,775,288	32,863,478
PROPERTY, PLANT AND EQUIPMENT		
Land and Improvements	376,502	398,191
Buildings and Improvements	6,852,715	6,978,394
Machinery and Equipment	9,817,752	10,680,108
	17,046,969	18,056,693
Less Accumulated Depreciation	(8,986,149)	(10,155,952)
	8,060,820	7,900,741
OTHER ASSETS		
Excess of Cost over Net Assets Acquired, Net	976,384	940,084
Amounts Due from Officers	453,264	453,264
Other	55,671	656,147
	1,485,319	2,049,495
	$43,321,427	$ 42,813,714
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 1,614,986	$ 2,267,722
Accrued Compensation	1,115,026	1,221,662
Accrued Expenses	1,318,103	1,470,849
Income Taxes	819,535	614,631
Current Maturities of Long-Term Debt	97,706	177,774
Total Current Liabilities	4,965,356	5,752,638
LONG-TERM DEBT, Less Current Maturities	258,135	227,998
EXCESS OF NET ASSETS ACQUIRED OVER COST, NET	544,199	326,519
DEFERRED INCOME TAXES	794,895	747,560
SHAREHOLDERS' EQUITY		
Preferred Stock, $10 Par Value, Authorized 100,000 Shares, Issued None		
Common Stock, $.05 Par Value, Authorized 13,000,000 Shares, Issued 5,136,737 in 1997 and 5,140,448 in 1998	256,837	257,023
Additional Paid-in Capital	5,624,239	5,649,101
Retained Earnings	32,772,044	33,085,917
Treasury Stock, at Cost, 209,395 Shares in 1997 and 355,895 in 1998	(1,804,986)	(3,062,945)
Cumulative Translation Adjustment	(76,649)	(191,829)
Net Unrealized Gain (Loss) on Securities Available for Sale	(12,643)	21,732
	36,758,842	35,758,999
	$43,321,427	$ 42,813,714

The accompanying notes are an integral part of these financial statements.

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED JANUARY 31, 1996, 1997 AND 1998

	1996	1997	1998
Net Sales	$43,941,311	$44,175,133	$43,747,540
Cost of Sales	26,923,192	27,241,473	27,236,046
Gross Profit	17,018,119	16,933,660	16,511,494
Costs and Expenses:			
Selling, General and Administrative	13,108,828	12,451,030	13,043,315
Research and Development	2,415,494	2,493,072	2,820,292
	15,524,322	14,944,102	15,863,607
Operating Income	1,493,797	1,989,558	647,887
Other Income (Expense):			
Interest and Dividend Income	353,393	597,995	822,775
Interest Expense	(37,456)	(27,278)	(27,872)
Other, Net	(49,199)	375,750	(35,454)
	266,738	946,467	759,449
Income before Income Taxes	1,760,535	2,936,025	1,407,336
Provision for Income Taxes	433,000	648,000	366,000
Net Income	$ 1,327,535	$ 2,288,025	$ 1,041,336
Net Income Per Common Share-basic	$ .26	$ .46	$ .21
Net Income Per Common Share-diluted	$ .26	$ .46	$ .21
Weighted Average Number of Common Shares Outstanding--basic	5,031,338	4,968,731	4,852,787
Weighted Average Number of Common Shares Outstanding--diluted	5,095,661	5,018,143	4,900,460
Dividends Declared Per Common Share	$ .12	$ .12	$ .16

The accompanying notes are an integral part of these financial statements.

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED JANUARY 31, 1996, 1997 AND 1998

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	CUMULATIVE TRANSLATION ADJUSTMENT	NET UNREALIZED GAIN (LOSS) ON SECURITIES AVAILABLE FOR SALE
Balance, January 31, 1995	$255,913	$5,515,632	$30,355,938	$ (672,755)	$ (80,722)	$(94,072)
Net Income			1,327,535			
Shares Sold Under Employee Stock Purchase Plan	196	35,312				
Exercise of Stock Options, Including Related Tax Benefits	57	3,694				
Shares Issued to Employee Stock Ownership Plan		(538)		60,913		
Purchase of Stock for Treasury				(290,327)		
Dividends Declared			(603,850)			
Cumulative Translation Adjustment					42,354	
Change in Net Unrealized Gain (Loss) on Securities Available for Sale						126,026
Balance, January 31, 1996	256,166	5,554,100	31,079,623	(902,169)	(38,368)	31,954
Net Income			2,288,025			
Shares Sold Under Employee Stock Purchase Plan	221	33,440				
Exercise of Stock Options, Including Related Tax Benefits	450	42,550				
Shares Issued to Employee Stock Ownership Plan		(5,851)		69,811		
Purchase of Stock for Treasury				(972,628)		
Dividends Declared			(595,604)			
Cumulative Translation Adjustment					(38,281)	
Change in Net Unrealized Gain (Loss) on Securities Available for Sale						(44,597)
Balance, January 31, 1997	256,837	5,624,239	32,772,044	(1,804,986)	(76,649)	(12,643)
Net Income			1,041,336			
Shares Sold Under Employee Stock Purchase Plan	186	28,203				
Shares Issued to Employee Stock Ownership Plan		(3,341)		43,341		
Purchase of Stock for Treasury				(1,301,300)		
Dividends Declared			(727,463)			
Cumulative Translation Adjustment					(115,180)	
Change in Net Unrealized Gain (Loss) on Securities Available for Sale						34,375
Balance, January 31, 1998	$257,023	$5,649,101	$33,085,917	$(3,062,945)	$(191,829)	$ 21,732

The accompanying notes are an integral part of these financial statements.

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JANUARY 31, 1996, 1997 AND 1998

	1996	1997	1998
Cash Flows from Operating Activities:			
Net Income	$ 1,327,535	$ 2,288,025	$ 1,041,336
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	909,771	921,088	988,423
Gain on Sale of Assets		(495,761)	
Deferred Income Taxes	108,576	(39,859)	(301,713)
Other	165,277	(56,358)	242,558
Changes in Assets and Liabilities:			
Accounts Receivable	(489,612)	6,269	483,672
Inventories	359,991	2,172,048	19,649
Other	749,718	(399,118)	(465,906)
Accounts Payable and Accrued Expenses	(562,101)	(19,137)	912,118
Income Taxes	(283,093)	386,995	(204,904)
Total Adjustments	958,527	2,476,167	1,673,897
Net Cash Provided (Used) by Operating Activities	2,286,062	4,764,192	2,715,233
Cash Flows from Investing Activities:			
Proceeds from Sales of Securities Available for Sale	3,307,328	2,470,402	2,450,508
Purchases of Securities Available for Sale	(2,879,153)	(2,527,562)	(3,147,206)
Proceeds from Sales of Assets		599,500	
Proceeds from Sales of Investment		1,514,779	
Additions to Property, Plant and Equipment	(922,397)	(816,229)	(809,724)
Net Cash Provided (Used) by Investing Activities	(494,222)	1,240,890	(1,506,422)
Cash Flows from Financing Activities:			
Proceeds from Short-Term Borrowing	500,000		
Payments of Debt	(570,775)	(50,000)	(50,000)
Principal Payments on Capital Leases			(100,069)
Proceeds from Common Shares Issued Under Employee Benefit Plans	99,634	70,810	68,389
Purchases of Treasury Stock	(290,327)	(902,817)	(1,301,300)
Dividends Paid	(603,850)	(595,604)	(727,463)
Net Cash Used by Financing Activities	(865,318)	(1,477,611)	(2,110,443)
Net Increase (Decrease) in Cash and Cash Equivalents	926,522	4,527,471	(901,632)
Cash and Cash Equivalents, Beginning of Year	1,107,191	2,033,713	6,561,184
Cash and Cash Equivalents, End of Year	$ 2,033,713	$ 6,561,184	$ 5,659,552
Supplemental Disclosures of Cash Flow Information:			
Cash Paid During the Year for:			
Interest	$ 69,263	$ 33,108	$ 27,872
Income Taxes	$ 260,869	$ 437,855	$ 758,070

The accompanying notes are an integral part of these financial statements.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents: Highly liquid investments with an original maturity of three months or less at date of acquisition are considered to be cash equivalents when purchased as part of the Company's cash management activities. Similar investments with original maturities beyond three months are classified as securities available for sale.

Securities Available for Sale: Securities available for sale are carried at market value based on quoted market prices. The difference between cost and market value, net of related tax effects, is recorded as a component of shareholders' equity.

Property, Plant and Equipment: Property, plant and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets (land improvements--10 to 20 years; buildings and improvements--10 to 45 years; machinery and equipment--3 to 10 years).

Amortization of Intangibles: Excess of cost over net assets acquired is amortized on the straight-line method over forty years. Accumulated amortization amounted to $420,434 and $456,734 as of January 31, 1997 and 1998, respectively. Excess of net assets acquired over cost is amortized on the straight-line method over five years. Accumulated amortization amounted to $493,548 and $711,228 as of January 31, 1997 and 1998, respectively. The shorter amortization period for the excess of net assets acquired over cost reflects the more limited life of the assets involved.

Foreign Currency: The financial statements of subsidiaries outside the United States are measured using the local currency as the functional currency. The Company translates foreign currency denominated assets and liabilities into U.S. dollars at year end exchange rates, and income and expenses are translated at average exchange rates during the year.

Income Taxes: The Company utilizes a liability approach which requires that deferred income taxes be determined based on estimated future tax effects of differences between the tax and book bases of assets and liabilities considering the provisions of enacted tax laws.

Earnings Per Common Share: Earnings per common share have been computed and presented pursuant to the provisions of Statement of Financial Accounting Standards No. 128, Earnings per Share, which was adopted in fiscal 1998. 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 common equivalent shares for stock options outstanding during the period. Adoption of SFAS No. 128 had no impact on previously reported Earnings per Share for Fiscal Years 1996 and 1997.

	1996	1997	1998
Weighted Average Common Shares Outstanding-- basic	5,031,338	4,968,731	4,852,787
Dilutive Effect of Options Outstanding	64,323	49,412	47,673
Weighted Average Common Shares Outstanding-- diluted	5,095,661	5,018,143	4,900,460

Use of Estimates in the Preparation of Financial Statements: The presentation 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 disclosures of contingent assets and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

Fair Value of Financial Instruments: The Company's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The carrying amounts of these financial instruments as of January 31, 1998 approximate fair value.

NOTE 2--SECURITIES AVAILABLE FOR SALE

As of January 31, 1998, securities included corporate and governmental debt obligations of $2,565,295 with contractual or anticipated maturities of one year or less and $4,907,398 with contractual or anticipated maturities of more than one year through twenty-five years. As of January 31, 1997, securities included corporate and governmental debt obligations of $1,100,703 with contractual or anticipated maturities of one year or less and $5,998,655 with contractual or anticipated maturities of more than one year through twenty- five years. Actual maturities may differ as a result of sales or early issuer redemptions.

The amortized cost of securities available for sale as of January 31, 1998 was $7,436,318. The difference between market value and the cost basis as of that date was $36,375 ($21,732 net of tax), which represented gross unrealized gains of $36,375. As of January 31, 1997, the amortized cost of securities available for sale was $7,119,426. The difference between market value and the cost basis as of that date was $20,069, which represented gross unrealized gains of $13,859 and gross unrealized losses of $33,928 . The cost of securities available for sale that were sold was based on specific identification in determining realized gains or losses included in the accompanying consolidated statement of income for fiscal 1998 and 1997.

NOTE 3--INVENTORIES

Inventories 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:

	JANUARY 31, 1997	JANUARY 31, 1998
Materials and Supplies	$ 5,558,216	$ 5,620,041
Work-in-Progress	779,337	993,149
Finished Goods	4,023,952	3,728,666
	$10,361,505	$10,341,856

NOTE 4--LONG-TERM DEBT

Long-term debt consisted of the following:

	JANUARY 31, 1997	JANUARY 31, 1998
Capital Lease Obligations	$355,841	$405,772
Less Current Maturities	97,706	177,774
	$258,135	$227,998

Other real estate and certain equipment are financed under a capital lease obligation with the Rhode Island Port Authority and Economic Development Corporation pursuant to an industrial development revenue bond financing arrangement. Monthly principal installments of $4,167 plus interest at 7 1/2% are due to 2000. The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) obligation contains an option to purchase the particular real estate and machinery and equipment at any time for the amount necessary to retire the bonds involved. It also contains certain restrictive covenants including, among other things, minimum working capital and net worth requirements, and a maximum debt-to-equity ratio.

During fiscal year 1998, the Company entered into a three year, $200,000 capital lease obligation for the purpose of upgrading its information technology software. Expenditures for property and equipment during the past three fiscal years have been made from on hand and internally generated funds.

The aggregate amounts of long-term debt as of January 31, 1998 scheduled to mature in each of the succeeding three fiscal years are as follows: $177,774 in fiscal 1999, $179,581 in fiscal 2000 and $48,417 in fiscal 2001.

NOTE 5--COMMON STOCK

The Company's Board of Directors has authorized the purchase of up to 500,000 shares of the Company's common stock on the open market. As purchased, such shares will become treasury stock available for general corporate purposes. The Company purchased 114,324 and 151,500 shares of treasury stock in fiscal 1997 and 1998, respectively.

The Company maintains the following benefit plans involving the Company's common stock:

Stock Option Plans: As of January 31, 1998, the Company has three incentive stock option plans and a non-qualified stock option plan under which options may be granted to officers and key employees. Options for an aggregate of 800,000 shares may be granted under the incentive stock option plans at option prices of not less than fair market value at the date of grant. Options for an aggregate of 150,000 shares may be granted under the non-qualified plan at option prices of not less than 50% of fair market value at the date of grant.

In addition, the Company has a Non-Employee Director Stock Option Plan under which each non-employee director automatically receives an annual grant of options to acquire 1,000 shares of common stock. The options are granted as of the first business day of January of each year at an option price equal to the fair market value at the date of grant. Options for a total of 30,000 shares may be granted under the plan.

Summarized option data for all plans is as follows:

	NUMBER OF SHARES	OPTION PRICE PER SHARE	WEIGHTED AVERAGE OPTION PRICE PER SHARE
Outstanding Options, January 31, 1995....	382,850	$3.33-$14.30	$9.17
Options Exercised........................	(1,125)	$ 3.33	3.33
Options Expired..........................	(6,000)	$3.33-$13.00	10.89
Outstanding Options, January 31, 1996....	375,725	$3.33-$14.30	9.17
Options Granted..........................	152,000	$8.31-$ 9.25	8.40
Options Exercised........................	(9,000)	$3.33-$ 5.50	5.00
Options Expired..........................	(37,125)	$5.50-$13.00	10.47
Outstanding Options, January 31, 1997....	481,600	$3.33-$14.30	8.90
Options Granted..........................	162,500	$8.31-$ 8.94	8.45
Options Expired..........................	(23,250)	$3.33-$13.00	8.89
Outstanding Options, January 31, 1998....	620,850	$3.33-$14.30	8.79
Options Exercisable, January 31, 1997....	416,200	$3.33-$14.30	8.61
Options Exercisable, January 31, 1998....	556,300	$3.33-$14.30	8.59

Set forth below is a summary of options outstanding at January 31, 1998:

[OUTSTANDING]				[EXERCISABLE]	
RANGE OF EXERCISE PRICES	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	REMAINING CONTRACTUAL LIFE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
$ 3.33- 5.50	110,100	$ 5.05	2 yrs.	110,100	$ 5.05
8.25-11.28	478,750	9.36	8 yrs.	421,200	9.24
13.00-14.30	32,000	13.12	5 yrs.	25,000	13.16

At January 31, 1998, options covering 269,250 shares under the incentive plans, and 50,000 shares under the non-qualified plan and 21,000 shares under the Non-Employee Director Stock Option Plan were available for future grant.

Accounting for Stock-Based Compensation: In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation," which sets forth a fair-value based method of recognizing stock-based compensation expense. As permitted by SFAS No. 123, the Company has elected to continue to apply APB No. 25 to account for its stock-based compensation plans. 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 earnings per share would have been reduced to the pro forma amounts indicated below:

	JANUARY 31		
	1996	1997	1998
Net income			
As reported	$1,327,535	$2,288,025	$1,041,336
Pro forma	$1,327,535	$1,821,039	$ 546,039
Earnings per share			
As reported	$ .26	$ .46	$ .21
Pro forma, basic	$ .26	$ .37	$ .11
Pro forma, diluted	$ .26	$ .36	$ .11

The fair value of each option granted was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions: The weighted average grant date fair value of options granted was $3.24 and $3.40 in fiscal 1997 and 1998 respectively.

	1997	1998
Risk-free interest rate	6.5%	5.5%
Expected life (years)	5	5
Expected volatility	37.481%	34.879%
Expected dividend yield	1.4%	1.9%

Employee Stock Purchase Plan: The Company has an Employee Stock Purchase Plan allowing eligible employees to purchase shares of common stock at a 10% discount from fair market value on the date of purchase. A total of 180,000 shares was initially reserved for issuance under the Plan. Summarized Plan activity is as follows:

	YEARS ENDED JANUARY 31,		
	1996	1997	1998
Shares Reserved, Beginning	113,562	109,645	105,218
Shares Purchased	(3,917)	(4,427)	(3,711)
Shares Reserved, Ending	109,645	105,218	101,507

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Employee Stock Ownership Plan: The Company has an Employee Stock Ownership Plan providing retirement benefits to all eligible employees. Annual contributions in amounts determined by the Company's Board of Directors are invested by the Plan's Trustees in shares of common stock of the Company. Contributions may be in cash or stock. The Company's contributions paid or accrued amounted to $75,000 for fiscal 1996, $100,000 for fiscal 1997 and $123,000 for fiscal 1998.

NOTE 6--INCOME TAXES

The components of the provision for income taxes were as follows:

	YEARS ENDED JANUARY 31,		
	1996	1997	1998
Current:			
Federal	$380,213	$564,953	$511,324
State	100,473	173,284	88,092
Foreign			24,000
	480,686	738,237	623,416
Deferred:			
Federal	(36,302)	(68,474)	(210,093)
State	(11,384)	(21,763)	(47,323)
	(47,686)	(90,237)	(257,416)
	$433,000	$648,000	$366,000

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate (34%) to income before income taxes, due to the following:

	YEARS ENDED JANUARY 31,		
	1996	1997	1998
Income Tax Provision at Statutory Rate	$ 598,582	$ 998,249	$ 478,494
State Taxes, Net of Federal Income Tax Benefits	66,312	114,367	26,862
Nontaxable Interest Income	(39,558)	(38,420)	(39,100)
Amortization of Intangibles	(62,623)	(57,683)	(57,683)
Utilization of Net Operating Loss Carryforward	(171,749)	(117,300)	(117,580)
Other, Net	42,036	(251,213)	75,007
	$ 433,000	$ 648,000	$ 366,000

Other, Net in fiscal 1997 includes the reversal of tax reserves no longer required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The tax effects of temporary differences and carryforwards which gave rise to significant portions of deferred tax assets and liabilities in the accompanying consolidated balance sheets were as follows:

	JANUARY 31, 1997	JANUARY 31, 1998
Deferred Tax Assets:		
Reserves and Accruals Not Yet Deducted for Tax Purposes	$ 684,925	$ 949,282
Unrealized Foreign Currency Losses	123,685	133,345
Net Operating Loss Carryforwards	666,059	389,981
Other	92,166	64,363
Valuation Allowance	(666,059)	(389,981)
	900,776	1,146,990
Deferred Tax Liabilities:		
Accumulated Tax Depreciation in Excess of Book Depreciation	794,895	747,560
Other	81,693	73,529
	876,588	821,089
Net Deferred Tax Assets	$ 24,188	$ 325,901

The total of deferred tax assets, net of other deferred tax liabilities, is included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. The valuation allowance relates to net operating loss carryforwards (approximately $416,000 domestic and $481,000 foreign) expiring through 2007, the future tax benefits of which to be realized are uncertain because they are limited to future annual taxable income of certain subsidiaries. Also, the domestic net operating loss carryforward may only be used at the rate of approximately $345,000 per year.

NOTE 7--LEASES

There are both capital and operating lease commitments for the Company's facilities and certain machinery and equipment. Following is an analysis of assets which are under capital leases.

	JANUARY 31, 1997	JANUARY 31, 1998
Real Estate	$4,354,402	$4,477,966
Machinery and Equipment	280,924	481,484
	4,635,326	4,959,450
Less: Accumulated Amortization	1,562,542	1,802,149
	$3,072,784	$3,157,301

Minimum lease payments under noncancellable leases at January 31, 1998, were as follows:

YEAR ENDING JANUARY 31,	CAPITAL LEASE	OPERATING LEASES
1999	$198,201	$359,116
2000	194,451	207,394
2001	43,002	114,734
2002		88,831
2003		69,360
2004 and Thereafter		54,346
Net Minimum Lease Payments	435,654	$893,781
Less Amount Representing Interest	29,882	
Current Value of Net Minimum Lease Payments	$405,772	

Total rental expense for fiscal 1996, 1997 and 1998 was $481,498, $425,817 and $432,654, respectively.

NOTE 8--OPERATIONS

The Company's operations consist of the design, development, manufacture and sale of specialty data acquisition and data printing systems and consumable printer supplies. Business is conducted primarily in two major geographic areas: North America and Europe. Substantially all manufacturing activities are conducted in the United States.

Sales and service activities outside North America are conducted primarily through wholly-owned entities and, to a lesser extent, through authorized distributors or agents. Transfer prices are intended to produce gross profit margins commensurate with the sales and service effort associated with the product sold. Certain information on a geographic basis for fiscal 1996, 1997 and 1998 is set forth below.

	NORTH AMERICA	EUROPE	ELIMINATIONS	CONSOLIDATED
FISCAL 1996				
Net Sales to Unaffiliated Customers	$37,311,249	$6,630,062		$43,941,311
Transfers between Geographic Areas	4,690,824		$(4,690,824)	
	$42,002,073	$6,630,062	$(4,690,824)	$43,941,311
Operating Income	$ 1,224,422	$ 299,022	$ (29,647)	$ 1,493,797
Identifiable Assets	$37,989,186	$4,313,545		$42,302,731
FISCAL 1997				
Net Sales to Unaffiliated Customers	$38,289,675	$5,885,458		$44,175,133
Transfers between Geographic Areas	$ 4,260,847	$ 142,843	$(4,403,690)	
	$42,550,522	$6,028,301	$(4,403,690)	$44,175,133
Operating Income	$ 1,873,249	$ 146,309	$ (30,000)	$ 1,989,558
Identifiable Assets	$40,718,264	$2,603,163		$43,321,427
FISCAL 1998				
Net Sales to Unaffiliated Customers	$38,574,396	$5,173,144		$43,747,540
Transfers between Geographic Areas	$ 4,195,162	$ 19,616	$(4,214,778)	
	$42,769,558	$5,192,760	$(4,214,778)	$43,747,540
Operating Income (Loss)	$ 867,488	$ (219,601)		$ 647,887
Identifiable Assets	$40,153,959	$2,659,755		$42,813,714

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North America sales as shown above include export sales of $6,604,317 in fiscal 1996, $5,812,450 in fiscal 1997, and $4,950,012 in fiscal 1998.

No single customer accounted for 10% of net sales in fiscal 1996, 1997 or 1998.

NOTE 9--PROFIT-SHARING PLAN

Along with the Employee Stock Ownership Plan described in Note 5, the Company has a non-contributory Profit-Sharing Plan which provides retirement benefits to all eligible employees. In addition, the Plan allows participants to defer a portion of their cash compensation and contribute such deferral to the Plan through payroll deductions. The Company makes matching contributions up to specified levels. The deferrals are made within the limits prescribed by Section 401(k) of the Internal Revenue Code. The Company's former subsidiary, Grass Instrument Co., also had a non-contributory profit-sharing plan which was terminated during fiscal 1996.

All contributions are deposited into trust funds. It is the policy of the Company to fund any contributions accrued. The Company's annual contribution amounts are determined by the Board of Directors. The Company's contributions paid or accrued amounted to $135,000 for fiscal 1996, $185,000 for fiscal 1997, and $227,400 for fiscal 1998.

ASTRO-MED, INC.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	PROVISION CHARGED TO OPERATIONS	DEDUCTIONS(2)	BALANCE AT END OF PERIOD
Allowance for Doubtful Accounts(1):				
Year Ended January 31,				
1996	157,000	58,227	58,227	157,000
1997	157,000	2,152	(15,848)	175,000
1998	175,000	38,585	37,797	175,788

(1) The allowance for doubtful accounts has been netted against accounts receivable as of the respective balance sheet dates.
(2) Uncollectible accounts written off, net of recoveries.

ARTICLE 5

PERIOD TYPE	YEAR
FISCAL YEAR END	JAN 31 1998
PERIOD START	FEB 01 1997
PERIOD END	JAN 31 1998
CASH	5,659,552
SECURITIES	7,472,693
RECEIVABLES	8,003,852
ALLOWANCES	175,788
INVENTORY	10,341,856
CURRENT ASSETS	32,863,478
PP&E	18,056,693
DEPRECIATION	10,155,952
TOTAL ASSETS	42,813,714
CURRENT LIABILITIES	5,752,638
BONDS	227,998
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	257,023
OTHER SE	35,501,976
TOTAL LIABILITY AND EQUITY	42,813,714
SALES	43,747,540
TOTAL REVENUES	43,747,540
CGS	27,236,046
TOTAL COSTS	43,099,653
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	27,872
INCOME PRETAX	1,407,336
INCOME TAX	366,000
INCOME CONTINUING	1,041,336
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,041,336
EPS PRIMARY	.21
EPS DILUTED	.21

End of Filing