ASTRO MED INC /NEW/
Form 10-K
April 19, 2011
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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, 2011

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	**05-0318215**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

600 East Greenwich Avenue,

West Warwick, Rhode Island	**02893**
(Address of principal executive offices)	**(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 the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No 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 ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by checkmark 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 the Registrant s knowledge, in definitive proxy or information statement 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No x

The aggregate market value of the registrant s voting common equity held by non-affiliates at July 30, 2010 was approximately $41,038,746 based on the closing price on the Nasdaq Global Market on that date.

As of April 12, 2011 there were 7,289,228 shares of Common Stock (par value $0.05 per share) of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company s definitive Proxy Statement for the 2011 Annual Meeting of Shareholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

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ASTRO-MED, INC.

FORM 10-K ANNUAL REPORT

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ASTRO-MED, INC.

Forward-Looking Statements

Information included in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, but rather reflect our current expectations concerning future events and results. We generally use the words believes, expects, intends, plans, anticipates, likely, continues, may similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning our expectations, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and factors include, but are not limited to, those factors set forth in this Annual Report on Form 10-K under Item 1A. Risk Factors. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The reader is cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Annual Report on Form 10-K.

PART I

Item 1. ***Business***

General

Unless otherwise indicated, references to Astro-Med, the Company, we, our and us in this Annual Report on Form 10-K refer to Astro-Med, and its consolidated subsidiaries.

Astro-Med, Inc. designs, develops, manufactures and distributes a broad range of specialty printers and data acquisition and analysis systems, including both hardware and software, which incorporate advance technologies in order to acquire, store, analyze and present data in multiple formats. Target markets for products of the Company include aerospace, apparel, automotive, avionics, chemicals, computer peripherals, communications, distribution, food and beverage, general manufacturing, life sciences, packaging and transportation.

The Company s products are distributed through its own sales force and authorized dealers in the United States. We sell to customers outside of the United States primarily by using authorized dealers and international sales representatives, who are managed from our foreign sales offices. Approximately 30% of the Company s sales in fiscal 2011 were to customers located outside the United States.

We operate our business through three operating segments, Astro-Med Test & Measurement (T&M), QuickLabel Systems (QuickLabel) and Grass Technologies (Grass). Financial information by business segment and geographic area appears in Note 10 to the Consolidated Financial Statements of this Annual Report on Form 10-K. The following description of our business should be read in conjunction with Management s Discussion and Analysis of Financial Conditions and Results of Operations on pages 13 through 20 of this Annual Report on Form 10-K.

Description of Business

Product Overview

Astro-Med, Inc. develops and manufactures specialty printers and data acquisition systems. We sell our products under the brand names Astro-Med® Test & Measurement (T&M), Grass® Technologies (Grass®), and QuickLabel® Systems (QuickLabel®).

Products sold under the Astro-Med® Test & Measurement brand acquire and record data and print the output onto charts or electronic media. Products sold under the Grass® brand electronically capture and record neurological data that is used to analyze and diagnose disorders such as epilepsy and sleep apnea. Products sold under the QuickLabel® brand make labels used in product packaging and automatic identification applications.

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The Company supplies a range of products that include hardware, software and consumables to customers who are in a variety of industries.

Astro-Med Test & Measurement products include ruggedized printers and data acquisition systems. Current Astro-Med® T&M products include the TMX high-speed data acquisition system, ToughWriter® ruggedized cockpit printers, ToughSwitch® Ethernet switches, the Dash® series data recorders, and the Everest® telemetry recorders.

ToughWriter® ruggedized cockpit printers are used in the flight deck and in the cabins of military and commercial aircraft to print hard copies of airport maps, flight itineraries, weather maps, gate information, and ground communications. ToughSwitch® Ethernet switches are used in commercial and military aircraft and military vehicles to connect multiple computers or Ethernet devices together. These products are ruggedized to comply with rigorous military and commercial flightworthiness standards for operation under extreme environmental conditions. The Company is currently furnishing ToughWriter® cockpit printers for several airplanes made by Airbus, Boeing, Bombardier, and Lockheed.

The Company s family of portable data recorders, including the TMX and the Dash® series (Dash 2EZ+, Dash 8Xe, Dash 8HF, Dash 8XPM, Dash 18X, Dash 20HF, and Dash 32HF) are used as maintenance and troubleshooting instruments in pulp and paper mills, metal mills, power generating plants, automotive R&D centers, manufacturing plants, and for aerospace applications. The TMX data acquisition system is designed for data capture of long-term testing in automotive, aerospace, and other industrial applications where the ability to monitor high channel counts, and accept and view a wide variety of input signals, including time-stamped and synchronized video capture data and audio notation, is important.

The Everest® telemetry recorders are used widely in the aerospace industry to monitor and track space vehicles, aircraft, missiles and other systems in flight. Everest® data recorders are used principally in the telemetry sector of the aerospace industry, where they are used to monitor parameters from an aircraft or space vehicle during flight test and vehicle launch.

Products sold under the Grass® Technologies brand include neurophysiological recording instruments, software, stimulators, electrode preps, consumable products, and Grass industry-renowned electrodes. Grass® equipment detects and amplifies neurophysiological signals for acquisition, review, and analysis via special Grass® software.

Grass® clinical equipment is primarily sold into the Sleep Disorders (PSG), Routine/Ambulatory EEG, and Long-Term Epilepsy Monitoring (LTM) diagnostic markets, and is sold to hospitals, free-standing clinics, and private physicians offices. Current Grass® clinical products include the FDA-listed Grass® S12X Cortical Stimulator for cortical stimulation mapping to aid in cortical resection procedures, the TREA® ambulatory EEG recorder, the SleepTrek®3 at-home sleep screener, a small lightweight physiological data recorder, and TWin® Neurotrac-III Neuromonitoring Software for computing and displaying long-term trends during continuous EEG monitoring in the ICU, NICU, OR, and Seizure Monitoring units.

Grass® research products consist of square pulse stimulators; including the S88X dual-output with digital controls model and the SD9 student research model, as well as amplifiers, including the LP511 high performance AC model and P122 AC/DC Strain Gage model as well as the 15LT Amplifier System. Customers of the Grass® research line are typically university research centers or pharmaceutical companies engaged in drug research. The Grass® consumable products are comprised predominantly of sensing devices used to collect physiological data and are utilized with the systems described above.

Products sold under the QuickLabel® brand include short-run, digital color label printers developed for in-house label printing, labeling software, label and tag substrates, label printing inks including thermal transfer ribbons, toners, and inkjet inks; custom label printing services, and a range of printer accessories. The breadth of the product line allows QuickLabel sales and support staff to serve customers at virtually every level of their label printing needs.

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With its broad range of entry-level, mid-range, and high-performance digital label printers, QuickLabel Systems is able to provide its customers a continuous path to upgrade to new labeling products. QuickLabel® products are primarily sold to end-user manufacturers, processors, and retailers who label products on a just-in-time basis, private label, contract package, or label products in foreign languages for export markets. These end-users can benefit from the time and cost-savings of digitally printing their own labels on-demand. Industries that commonly benefit from short-run label printing include apparel, chemicals, cosmetics, food and beverage, medical products, and pharmaceuticals, among many other packaged goods.

Current QuickLabel® models include the Vivo!® Touch, a patented electrophotographic color label printer developed to print full-color variable information labels in an office or factory; the Zeo!®, an entry-level inkjet label printer developed in partnership with Hewlett-Packard; and the Xe series of digital color label printers utilizing thermal transfer technology, including the QLS-4100 Xe, QLS-2000 Xe and QLS-3000 Xe. The Xe Series of label printers are unique in the industry in that they can be directly integrated with automated production lines and represent a novel, patented application of multi-color thermal transfer technology, which was historically only commercialized in single-color barcode label printers. QuickLabel also sells and supports its own Pronto!® family of barcode printers/monochrome printers which utilize single color-thermal transfer label printing technology.

Technology

The core technologies of Astro-Med relate to (1) acquiring data, (2) conditioning the data, (3) displaying the data on hard copy, monitor or electronic storage media, and finally (4) analyzing the data.

We are continually improving the performance and functionality of our core technologies, enabling us to lead the competition with innovative products.

Patents and Copyrights

Astro-Med holds a number of product patents in the United States and in foreign countries. The Company copyrights its software and registers its brand trademarks. While we consider our patents to be important to the operation of our business, we do not believe that any existent patent, license, trademark or other intellectual property right is of such importance that its loss or termination would have a material adverse effect on the Company s business taken as a whole.

Manufacturing and Supplies

Astro-Med designs its products and manufactures many of the component parts. The balance of the parts required for manufacture of our products are produced to our specifications by suppliers. Raw materials required for the manufacture of products, including parts produced to our specifications, are generally available from numerous suppliers. However, we do obtain certain components of our products and certain finished products from sole sources.

Product Development

Astro-Med maintains an active program of product research and development. During fiscal 2011 and 2010, we incurred costs of $5,020,000 and $4,820,000, respectively, on Company-sponsored product development. We are committed to product development as a requisite to our organic growth and expect to continue our focus on research and development efforts in fiscal 2012 and beyond.

Marketing and Competition

The Company competes worldwide in many markets including clinical and research diagnostics; specialty printing systems; and data acquisition and analysis. We retain a competitive position in our respective markets by virtue of proprietary technology, product reputation, delivery, technical assistance, and service to customers. We market our products worldwide by advertising and promotion using major national and international trade journals, scientific meetings and trade shows, direct mailing campaigns, and the internet.

Our products are sold by direct field sales persons as well as independent dealers and representatives. In the United States, the Company has factory-trained direct field sales people located in major cities from coast to coast specializing in either Astro-Med® T&M products, QuickLabel® products, or Grass® Technologies products. Additionally, we have direct field sales and service centers in Canada, France, Germany and the United Kingdom staffed by our own employees. In the remaining parts of the world, Astro-Med utilizes approximately 60 independent dealers and representatives selling and marketing our products in 50 countries.

Astro-Med has a number of competitors in each of the markets that it serves. In the T&M area, we believe that we lead the field in data acquisition systems. In the digital color label printing field, we believe we lead the world in color label printing technology, and we were the first to market an electrophotographic color label printer capable of printing on continuous rollstock.

Our Grass® Technologies products are devoted to clinical applications in electroncephalography (EEG), polysomnography (PSG), and Long Term Epilepsy Monitoring (LTM). There are approximately ten companies that compete in one or more of the three modalities (EEG, PSG, LTM), but none are the clear leader. We believe we offer superior products based upon our long history and pioneering efforts in the field since 1935. Unlike most of our competitors, Astro-Med designs, manufactures and produces complete systems including transducers, amplifiers, sensors and Windows-based application software. Additionally, we produce a range of life science products for the research market many of which eventually find their way into clinical applications.

No single customer accounted for 10% or more of our net sales in any of the last two fiscal years.

International Sales

In fiscal 2011 and 2010, net sales to customers in various geographic areas outside the United States, primarily in Canada and Western Europe, amounted to $20,402,000 and $19,735,000, respectively.

Order Backlog

Astro-Med s backlog fluctuates regularly. It consists of a blend of orders for end user customers as well as original equipment manufacturer customers. Manufacturing is geared to forecasted demands and applies a rapid turn cycle to meet customer expectations. Accordingly, the amount of order backlog may not indicate future sales trends. Backlog at January 31, 2011 and 2010 was $7,114,000 and $5,675,000, respectively.

Employees

As of January 31, 2011, Astro-Med employed 423 people. We are generally able to satisfy our employment requirements. No employees are represented by a union. We believe that employee relations are good.

Other Information

The Company s business is not seasonal in nature. However, our sales are impacted by the size of certain individual transactions, which can cause fluctuations in sales from quarter to quarter.

Most of the Company s products are generally warranted for one year against defects in materials or workmanship. Warranty expenses have averaged approximately $570,000 a year for the last five fiscal years.

Available Information

We make available free of charge on our website (www.astro-medinc.com) the Company s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to

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those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities Exchange Commission. These filings are also accessible on the SEC s website at http://www.sec.gov.

Item 1A. ***Risk Factors***

The following risk factors should be carefully considered in evaluating Astro-Med because such factors may have a significant impact on our business, operating results, liquidity and financial condition. As a result of the risk factors set forth below, actual results could differ materially from those projected in any forward-looking statements. Additional risks and uncertainties not presently known to us, or that we currently consider to be immaterial, may also impact our business, operating results, liquidity and financial condition. If any such risks occur, Astro-Med s business, operating results, liquidity and financial condition could be materially affected in an adverse manner. Under such circumstances, the trading price of our securities could decline, and you may lose all or part of your investment.

Depressed general economic conditions and uncertainties in the global credit and equity markets may adversely affect Astro-Med s results of operation and financial position.

Our business is sensitive to changes in general economic conditions, both inside and outside the U.S. Worldwide financial markets have experienced extreme disruption in the past few years which are likely to have an ongoing adverse effect on the world economy. We are unable to predict how long the economic downturn will last or the strength or duration of an economic recovery. A continuing and/or a return to an economic downturn may adversely impact our business resulting in:

- Reduced demand for our products realized by diminished new orders and increases in order cancellations;
- Increased risk of excess and obsolete inventories;
- Increased pressure on the prices for our products and services;
- Greater difficulty in collecting accounts receivables; and
- Greater risk of impairment to the value and liquidity of our investment portfolio.

Astro-Med s operating results and financial condition could be harmed if the markets into which we sell our product decline or do not grow as anticipated.

Any decline in our customers markets or in their general economic conditions, including declines related to the current market disruptions as described above, would likely result in a reduction in demand for our products. For example, although we have experienced measured progress in fiscal 2011 as sales have increased from prior years, we are still affected by the continued global economic downturn as some of our customers remain reluctant to make capital equipment purchases and are limiting consumable product purchases to quantities necessary to satisfy immediate needs with no provisions to stock supplies for future use. Also, if our customers markets decline, we may not be able to collect on outstanding amounts due to us. Such declines could harm our results of operations, financial position and cash flows and could limit our ability to continue to remain profitable.

Astro-Med s cost reduction and operational efficiency programs may not achieve the intended results

Changing economic and business conditions may dictate that we undertake a plan of cost and operational efficiency reductions. We cannot be certain that these programs will achieve their intended results. Additionally, these programs may be misplaced or insufficient for purposes of positioning us for further growth, in which our long-term competitive position may suffer. Failure of these programs, if any, could have a material adverse affect on our results of operations and financial position.

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Astro-Med s future revenue growth depends on our ability to introduce new products and services on a timely basis and achieve market acceptance of these new products and services.

The markets for our products are characterized by rapidly changing technology and accelerating product introduction cycles. Our future success depends largely upon our ability to address the rapidly changing needs of our customers by developing and supplying high-quality, cost-effective products, product enhancements and services on a timely basis and by keeping pace with technological developments and emerging industry standards. The success of our new products will also depend on our ability to differentiate our offerings from our competitors offerings; price our products competitively; anticipate our competitor s development of new products; and maintain high levels of product quality and reliability. Astro-Med spends a significant amount of time and effort related to the development of our Ruggedized and Color Printer products as well as our Test and Measurement products. Failure to further develop any of our new products and their related markets as anticipated could adversely affect our future revenue growth and operating results.

Economic, political and other risks associated with international sales and operations could adversely affect Astro-Med s results of operations and financial position.

Because we sell our products worldwide, our business is subject to risks associated with doing business internationally. Revenue from international operations, which includes both direct and indirect sales to customers outside the U.S. accounted for approximately 30% of our total revenue for fiscal year 2011 and we anticipate that international sales will continue to account for a significant portion of our revenue. In addition, many of our employees, suppliers, job functions and facilities are located outside the U.S. Accordingly, our future results could be harmed by a variety of factors, including:

- Interruption to transportation flows for delivery of parts to us and finished goods to our customers;
- Customer and vendor financial stability;
- Changes in foreign currency exchange rates;
- Changes in a specific country s or region s environment including political, economic, regulatory or other conditions;
- Trade protection measures and import or export licensing requirements;
- Negative consequences from changes in tax laws;
- Difficulty in staffing and managing international operations;
- Differing labor regulations;
- Differing protection of intellectual property;
- Unexpected changes in regulatory requirements; and

Geopolitical turmoil, including terrorism and war.

Astro-Med s profitability is dependent upon our ability to obtain adequate pricing for our products and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our products and services which provides a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our products and services may decline from previous levels. In addition, pricing actions to offset the effect of currency devaluations may not prove sufficient to offset further devaluations or may not hold in the face of customer resistance and/or competition. If we are unable to obtain adequate pricing for our products and services, our results of operations and financial position could be materially adversely affected.

We are continually reviewing our operations with a view towards reducing our cost structure, including but not limited to downsizing our employee base, exiting certain businesses, improving process and system efficiencies and outsourcing some internal functions. From time to time we also engage in restructuring actions to reduce our cost structure. If we are unable to maintain our cost base at or below the current level and maintain process and systems changes resulting from current cost reduction and prior restructuring actions, our results of operations and financial position could be materially adversely affected.

Astro-Med could incur liabilities as a result of installed product failures due to design or manufacturing defects.

Astro-Med could incur liabilities as a result of installed product failures due to design or manufacturing defects. Our products may have defects despite testing internally or by current or potential customers. These defects could result in among other things, a delay in recognition of sales, loss of sales, loss of market share, failure to achieve market acceptance or substantial damage to our reputation. We could be subject to material claims by customers, and may need to incur substantial expenses to correct any product defects.

Astro-Med is subject to laws and regulations; failure to address or comply with these laws and regulations could harm our business and adversely affect our results of operations.

Our operations are subject to laws, rules, regulations, including environmental regulations, government policies and other requirements in each of the jurisdictions in which we conduct business. Changes in laws, rules, regulations, policies or requirements could result in the need to modify our products and could affect the demand for our products, which may have an adverse impact on our future operating results. In addition, we must comply with new regulations restricting our ability to include lead and certain other substances in our products. If we do not comply with applicable laws, rules and regulations we could be subject to costs and liabilities and our business may be adversely impacted.

A number of our products from our Grass Technologies product group are subject to regulation by the United States Food and Drug Administration (FDA) and certain similar foreign regulatory agencies. If we or any of our suppliers or distributors fail to comply with FDA and other applicable regulatory requirements or are perceived potentially to have failed to comply, we may face, among other things, adverse publicity affecting both us and our customers; investigations or notices of non-compliance; fines, injunctions and civil penalties; partial suspensions or total shutdown of production facilities or the imposition of operating restrictions; increased difficulty in obtaining required FDA clearances or approvals; seizures or recalls of our products or those of our customers, and/or the inability to sell our products.

Adverse conditions in the global banking industry and credit markets may adversely impact the value of our investments or impair our liquidity.

At the end of fiscal 2011, we had cash and cash equivalents of approximately $8 million invested or held in a mix of money market funds, time deposit accounts and bank demand deposit accounts. The continued disruptions in the financial markets may, in some cases, result in an inability to access assets such as money market funds that traditionally have been viewed as highly liquid. Any failure of our counterpart financial institutions or funds in which we have invested may adversely impact our cash and cash equivalent positions and, in turn, our results of operations and financial position. As of January 31, 2011, we also had an approximate $13 million portfolio of securities available for sale. This portfolio consists of state and municipal securities with various maturity dates, all of which have a credit rating of AA or above at the original purchase date; however, failure of any of these securities may result in an adverse impact on our portfolio.

Astro-Med may not be able to effectively integrate businesses or assets acquired.

We may identify and pursue acquisitions of complementary companies and strategic assets, such as customer bases, products and technology. However, there can be no assurance that we will be able to identify suitable acquisition opportunities. In December 2009, we acquired Label Line Ltd. (Label Line), a manufacturer of labels and tags which has become part of our QuickLabel Systems brand. In any acquisition that we complete, including the acquisition of Label Line, we cannot be certain that:

- We will successfully integrate the operations of the acquired business with our own;
- All the benefits expected from such integration will be realized;

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Management s attention will not be diverted or divided, to the detriment of current operations;

Amortization of acquired intangible assets will not have a negative effect on operating results or other aspects of our business;

Delays or unexpected costs related to the acquisition will not have a detrimental effect on our business, operating results and financial condition;

Customer dissatisfaction with, or performance problems at, an acquired company will not have an adverse effect on our reputation; and

Respective operations, management and personnel will be compatible.

In certain instances as permitted by applicable law and NASDAQ rules, acquisitions may be consummated without seeking and obtaining shareholder approval, in which case shareholders will not have an opportunity to consider and vote upon the merits of such an acquisition. Although we will endeavor to evaluate the risks inherent in a particular acquisition, there can be no assurance that we will properly ascertain or assess such risks.

Item 1B. ***Unresolved Staff Comments***

None

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, Rhode Island, USA	135,500	Corporate headquarters, research and development, manufacturing, sales and service
Rockland, Massachusetts, USA	36,000	Manufacturing
Slough, England	1,700	Sales and service

Astro-Med also leases facilities in various other locations. The following information pertains to each location:

Location	Approximate Square Footage	Principal Use
Asheboro, North Carolina, USA	75,000	Manufacturing
Brossard, Quebec, Canada	7,900	Manufacturing, sales and service
Rodgau, Germany	6,835	Manufacturing, sales and service
Trappes, France	2,164	Sales and service
Schaumburg, Illinois, USA	1,131	Sales
El Dorado Hills, California, USA	273	Sales
Newport Beach, California, USA	151	Sales

We believe our facilities are well maintained, in good operating condition and generally adequate to meet our 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. ***Reserved***

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PART II

Item 5. ***Market for the Registrant s Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Astro-Med s common stock trades on The NASDAQ Global Market under the symbol ALOT. The following table sets forth the range of high and low closing prices and dividend data, as furnished by NASDAQ, for the years ended January 31:

	High	Low	Dividends Per Share
2011			
First Quarter	$ 8.05	$ 7.31	$ 0.07
Second Quarter	$ 7.75	$ 6.93	$ 0.07
Third Quarter	$ 7.49	$ 6.60	$ 0.07
Fourth Quarter	$ 7.95	$ 6.90	$ 0.07
2010			
First Quarter	$ 7.00	$ 4.60	$ 0.06
Second Quarter	$ 6.24	$ 5.01	$ 0.06
Third Quarter	$ 7.38	$ 5.17	$ 0.06
Fourth Quarter	$ 7.69	$ 6.07	$ 0.06

Astro-Med had approximately 302 shareholders of record as of April 1, 2011, which does not reflect shareholders with beneficial ownership in shares held in nominee name.

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Stock Performance Graph

The graph below shows a comparison of the cumulative total return on the Company s common stock against the cumulative total returns for the NASDAQ Composite Index and the NASDAQ Electronic Index for the period of five fiscal years ended January 31, 2011. The NASDAQ Composite Index is calculated using all companies trading on the NASDAQ Global Select, NASDAQ Global Market and the NASDAQ Capital Markets through January 31, 2011. The Index is weighted by the current shares outstanding and assumes dividends reinvested. The NASDAQ Electronic Index, designated as the Company s peer group index, is comprised of companies classified as electronic equipment manufacturers.

	Cumulative Total Returns*					
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Astro-Med, Inc.	$ 100.00	$ 129.25	$ 122.94	$ 90.75	$ 97.89	$ 98.24
NASDAQ Electronic Index	$ 100.00	$ 104.52	$ 99.00	$ 59.16	$ 91.70	$ 109.54
NASDAQ Composite Index	$ 100.00	$ 68.67	$ 105.04	$ 52.33	$ 76.81	$ 97.68

* Assumes $100 invested on February 1, 2006 with reinvestment of dividends

Dividend Policy

Astro-Med began a program of paying quarterly cash dividends in fiscal 1992 and has paid a dividend for 78 consecutive quarters. On March 15, 2010, the Board of Directors voted to increase the quarterly dividend by $.01 per share to $0.07 per share beginning with the first quarter of fiscal 2011, and as such, has paid a dividend of $0.28 per share for fiscal 2011.

Stock Repurchases

On August 16, 2004, Astro-Med announced that its Board of Directors had approved the repurchase of 600,000 shares of common stock. This is an ongoing authorization without any expiration date.

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During the fourth quarter of fiscal 2011, the Company made the following repurchases of its common stock:

	Total Number of Shares Repurchased	Average Price paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Be Purchased Under The Plans or Programs
October 31 November 27	100,000	$ 7.03	100,000	254,089
November 28 December 25				254,089
December 26 January 31				254,089

Item 6. ***Selected Financial Data***

We are a smaller reporting company and, as such, are not required to provide this information.

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

Overview

Astro-Med 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 sales product groups:

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 automotive, energy, paper and steel fabrication. In addition, T&M also includes a suite of ruggedized printer products designed for military and commercial applications to be used in the avionics industry to print weather maps, communications and other critical flight information.

QuickLabel Systems Product Group (QuickLabel) offers hardware, software and consumable products that create on demand color labels and store and produce images in color or non-color formats on a broad range of media substrates.

Grass Technologies Product Group (Grass) centers on diagnostic and monitoring products that serve the clinical neurophysiology markets, as well as a range of biomedical instrumentation products and consumable supplies focused on the life sciences markets.

Astro-Med markets and sells its products and services globally through a diverse distribution structure of sales personnel, manufacturing representatives and authorized dealers that deliver a full complement of branded products and services to customers in our respective markets.

Our growth strategy centers on organic growth through product innovation made possible by research and development initiatives, as well as strategic acquisitions that fit into existing core businesses. Research and development activities are funded and expensed by the Company at approximately 7.1% of annual sales for fiscal 2011. We also continue to invest in sales and marketing initiatives by expanding the existing sales force and increasing spending on various marketing campaigns to achieve our goals of sales growth and increased profitability notwithstanding today s challenging economic environment.

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Results of Operations

($ in thousands)	2011			2010	
	Net Sales	As a % of Total Net Sales	% Change Over Prior Year	Net Sales	As a % of Total Net Sales
T&M	$ 14,837	20.9%	4.1%	$ 14,247	22.2%
QuickLabel	39,500	55.6%	18.6%	33,294	52.0%
Grass	16,679	23.5%	1.1%	16,490	25.8%
Total	$ 71,016	100.0%	10.9%	$ 64,031	100.0%

Fiscal 2011 compared to Fiscal 2010

Astro-Med s sales in fiscal 2011 were $71,016,000, representing a 10.9% increase as compared to prior year s sales of $64,031,000. Domestic sales of $50,614,000 increased 14.3% from the prior year sales of $44,296,000. International shipments of $20,402,000 have also increased 3.4% as compared to previous year s sales of $19,735,000 despite a $392,000 negative impact due to foreign exchange rates.

Hardware sales in fiscal 2011 were $28,686,000, a nominal increase as compared to prior year s sales of $28,303,000. The increase in hardware sales in the current year as compared to the prior year was primarily due to the demand for T&M s new TMX line as well as the 12.6% increase in sales of the Ruggedized product line within T&M product group. Also contributing to the increase in current year sales was the 7.0% increase in sales of QuickLabel printers and the 13.1% increase in Grass Technologies clinical line of diagnostic systems, especially Long Term Epilepsy Monitoring Systems. However, the increase in the current year s hardware sales was tempered by lower sales of T&M s recorder and data acquisition product lines, as well as lower sales of Grass Technologies research line of products.

Consumable sales in fiscal 2011 were $37,113,000, representing a 20.1% increase compared to prior year sales of $30,904,000. The overall increase in consumable sales for the current year was primarily due to sales in the QuickLabel product group which were up $5,530,000 or 21.4% as compared to prior year s sales. QuickLabel s increased level of consumable sales in the current year is due to an increase in consumable demand from the Company s installed base of printer customers, as well as label shipments from the Asheboro, North Carolina business, acquired in December 2009. Also contributing to the increase in consumable sales for the current fiscal year was a 10.5% increase in Grass electrodes and creams product line sales, as well as a 39.5% increase in T&M s chart paper product line.

Service and other sales revenue in fiscal 2011 were $5,217,000, an 8.2% increase compared to prior year sales of $4,824,000 due to an overall increase in freight, service and repair revenue.

The Company achieved $28,666,000 in gross profit for fiscal 2011 and generated a gross profit margin of 40.4% as compared to prior year s gross profit margin of 41.6%. The decline in gross profit margin for the current year is due to unfavorable mix of lower margin products included in our net sales, as well as higher manufacturing costs and lower factory absorption at our West Warwick and Asheboro facilities.

Operating expenses for the current year were $26,011,000, representing a 5.5% increase from prior year s operating expenses of $24,664,000. Specifically, selling and marketing expenses increased 8.8% from prior year to $16,690,000 in fiscal 2011, representing 23.5% of sales, a slight decrease as compared to the prior year s 24.0% of sales. The increase in selling and marketing was primarily the result of increases in wages, benefits and commissions due to personnel additions and sales growth. The increase in sales and marketing was also impacted by the increase in travel spending for fiscal 2011. General and administrative (G&A) expenses declined 4.5% from prior year to $4,300,000 in fiscal 2011. The reduced G&A expense was primarily due to a decrease in banking and professional service fees as compared to the prior year. Funding of research & development (R&D) in fiscal 2011 has increased 4.1% to $5,020,000. The increase in R&D for fiscal 2011 is primarily due to the

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increase in outside services and is consistent with the Company s focus on development of new products and enhancement of existing products to promote future growth. The R&D spending level for fiscal 2011 represents 7.1% of net sales, a slight decrease from the prior year s level of 7.5%.

In fiscal 2011, the Company recognized a $104,000 gain on legal settlement for interest and attorney fees recognized as a result of damages collected from a lawsuit filed against a former employee and competitor business.

Other income in fiscal 2011 was $24,000, down from $328,000 in fiscal 2010. This lower level of other income is a result of lower investment income, due to lower overall interest rates, as well as foreign exchange losses recognized in the current year due to the continued strengthening of the US dollar. Additionally, other income for fiscal 2010 included a $112,000 gain on bargain purchase related to the December 2009 acquisition of our Asheboro facilities.

Astro-Med s fiscal 2011 pretax income was reduced by approximately $333,000 related to stock-based compensation expense as compared to fiscal 2010 pretax income which was reduced by approximately $414,000 in stock-based compensation expense.

During fiscal 2011, the Company recognized income tax expense of $722,000 and had an effective tax rate of 25.9%. The current year s income tax expense includes a benefit of $241,000 related to the resolution of a previously uncertain tax position and a benefit of $143,000 related to a favorable adjustment in the filing of the prior year s tax returns. This compares to income tax expense of $916,000 and an effective tax rate of 24.9% in fiscal 2010 which includes 1) a benefit of $335,000 related to the resolution of a previously uncertain tax position as a result of the conclusion of an IRS examination of the Company s federal returns for the fiscal year 2008; 2) a benefit of $88,000 related to the difference in foreign tax rates; and 3) a benefit of $25,000 related to differences between the prior year tax provision and the actual return as filed.

Net income for fiscal 2011 was $2,062,000 providing a return of 2.9% on sales and generating an EPS of $0.28 per diluted share. Included in net income is a $63,000 gain, net of tax, related to the settlement of a legal matter equal to $0.01 per diluted share; $241,000 tax benefit pertaining to previously uncertain tax positions realized equal to $0.03 per diluted share and a $143,000 tax benefit relating to a favorable adjustment in the filing of the prior year s tax returns equal to $0.02 per diluted share. On a comparative basis, fiscal 2010 net income was $2,766,000 providing a return of 4.3% on sales and an EPS of $0.38 per diluted share. Included in fiscal net income for 2010 is a $904,000 gain, net of tax, related to the settlement of a legal matter equal to $0.12 per diluted share; a $335,000 tax benefit pertaining to previously uncertain tax positions realized equal to $0.05 per diluted share; and a $112,000 gain on bargain purchase related to the acquisition of Label Line equal to $0.02 per diluted share.

Segment Analysis

Astro-Med reports three segments consistent with its sales product groups: Test & Measurement (T&M), QuickLabel Systems (QuickLabel) and Grass Technologies (Grass). Segment performance is evaluated based on the operating segment s profit before corporate and financial administration expenses.

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The following table summarizes selected financial information by segment:

(Dollars in thousands)	Net Sales		Segment Operating Profit		Segment Operating Profit as a % of Net Sales	
	2011	2010	2011	2010	2011	2010
T&M	$ 14,837	$ 14,247	$ 1,200	$ 1,148	8.1%	8.1%
QuickLabel	39,500	33,294	1,847	2,517	4.7%	7.6%
Grass	16,679	16,490	3,358	2,217	20.1%	13.4%
Total	$ 71,016	$ 64,031	6,405	5,882	9.0%	9.2%
Corporate Expenses			3,749	3,919		
Gain on Legal Settlement			104	1,391		
Operating Income			2,760	3,354		
Other Income, Net			24	328		
Income Before Income Taxes			2,784	3,682		
Income Tax Provision			722	916		
Net Income			$ 2,062	$ 2,766		

Test & Measurement

T&M s sales increased 4.1% in fiscal 2011 to $14,837,000 from $14,247,000 in the prior year. The increase is primarily attributable to the demand for the new TMX product line, as well as, the double-digit growth in the Ruggedized printer product line. The current year sales increase is tempered by declining sales in the Dash data acquisition and recorder product lines as compared to the prior year. T&M s segment operating profit was $1,200,000 in fiscal 2011, as compared to prior year s segment operating profit of $1,148,000. The fiscal 2011 increase in operating profits is an outgrowth of higher sales and lower selling and marketing expenses. Despite the slight increase in operating profit, the fiscal 2011 segment operating profit margin remained at 8.1%, comparable to the fiscal 2010 operating profit margin of 8.1%.

QuickLabel Systems

QuickLabel Systems sales increased 18.6% in fiscal 2011 to $39,500,000 from sales of $33,294,000 in the prior year. The increase in current year is primarily attributable to the consumable product line which increased $5,530,000 or 21.4% from the prior year. Within the consumables line, label and tag product line sales made a significant contribution to the overall growth rate, due to the newly acquired Asheboro, North Carolina business, as well as the increased base of installed printers placed in service. QuickLabel s hardware line of printers also reported an increase in current year revenue. The 6.8% increase in hardware sales was primarily driven by the growth in the color printer line, with unit contributions of sales from the new Vivo! Touch product line. QuickLabel s fiscal 2011 segment operating profit was $1,847,000 reflecting a profit margin of 4.7%, compared to prior year s segment profit margin of 7.6%. The decline in operating margin for fiscal 2011 is due to unfavorable mix of lower margin products included in our net sales, higher manufacturing costs and lower factory utilization, as well as, higher operating expenses.

Grass Technologies

Grass sales in fiscal 2011 were $16,679,000 as compared to $16,490,000 in the prior year. This year s sales represent a slight increase over prior year s sales as a result of the increase in Grass Clinical line of diagnostic products including EEG, Sleep Systems and Long-Term Epilepsy monitoring which reported a 13.1% increase as compared to the prior year. Also making a positive contribution to sales volume during the current year was the line of consumable products of electrodes and creams which reported a 10.3% growth in sales as compared to prior year. The current year increase in Grass sales was tempered by the 31.6% decrease in the Research line of products, as well as a 6.0% decrease in service and other revenue. Grass operating profit increased 51.5% to $3,358,000 resulting in a 20.1% profit margin as compared to prior year s profit margin of 13.4%. The increased profitability is an outgrowth of favorable product mix of higher margin products included in net sales, as well as lower manufacturing costs and lower operating expenses.

Liquidity and Capital Resources

The Company expects to finance its future working capital needs, capital expenditures and acquisition requirements through internal funds and believes that cash provided by operations will be sufficient to meet our operating and capital needs for at least the next twelve months. To the extent our capital and liquidity requirements are not satisfied internally, we may utilize a $5.0 million revolving bank line of credit which was entered into on December 1, 2010 with Wells Fargo Bank, all of which is currently available. Borrowings under this line of credit bear interest at either a fluctuating rate equal to 75 basis points below the base rate, as defined in the agreement, or at a fixed rate equal to 150 basis points above LIBOR.

Astro-Med s Statements of Cash Flows for the two years ended January 31, 2011 and 2010 are included on page 33. Net cash flows provided by operating activities was $1,110,000 in the current year compared to net cash provided by operating activities of $5,850,000 in the previous year. The declining cash flows are primarily related to higher working capital requirements. Accounts receivables increased to $11,112,000 at January 31, 2011, as compared to $9,173,000 at January 31, 2010. The accounts receivable collection cycle increased to 54 days sales outstanding at January 31, 2011 as compared to 49 days outstanding at prior year end due to the increase in slower paying customers. Inventory balances increased to $14,405,000 at January 31, 2011, compared to $12,039,000 at the end of the previous year due to the build up of inventory in anticipation of QuickLabel s new product launch. Inventory days on hand also increased to 124 days on hand at the end of the current quarter from 114 days at year end.

Net cash flow used in investing activities for fiscal 2011 was $5,404,000 which included cash used for capital expenditures of approximately $2,090,000 including $1,187,000 for building improvements, $499,000 for machinery and equipment, $220,000 for tools and dies, $138,000 for information technology and $46,000 for furniture and fixtures.

Net cash flow used by financing activities was $2,141,000 in fiscal 2011. During the year the Company paid dividends of $2,036,000 and purchased $976,000 of the Company s stock. Also during the current year, the Company generated $672,000 in cash through the exercise of employee stock options and Employee Stock Purchase Plan transactions.

Dividends paid for fiscal 2011 and 2010, were $2,036,000 and $1,713,000, respectively. The Company s annual dividend per share was $0.28 in fiscal 2011 and $0.24 in fiscal 2010. Since the inception of the common stock buy back program in fiscal 1997, the Company has repurchased 1,420,010 shares of its common stock. At January 31, 2011, the Company has the Board of Directors authorization to purchase an additional 254,089 shares of the Company s common stock in the future.

Contractual Obligations, Commitments and Contingencies

Astro-Med is subject to contingencies, including legal proceedings and claims arising out of its businesses that cover a wide range of matters, such as: contract and employment claims; workers compensation claims; product liability claims; warranty claims; and claims related to modification, adjustment or replacement of component parts of units sold. While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, we believe that the aggregate amount of such liabilities, if any, in excess of amounts provided or covered by insurance, will not have a material adverse effect on our consolidated financial position or results of operations. It is possible, however, that results of operations for any particular future period could be materially affected by changes in our assumptions or strategies related to these contingencies or changes out of the Company s control.

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Critical Accounting Policies and Estimates

Astro-Med s discussion and analysis of financial condition and results of operations are based upon the Company s Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States. Certain of our accounting policies require the application of judgment in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. We periodically evaluate the judgments and estimates used for our critical accounting policies to ensure that such judgments and estimates are reasonable for our interim and year-end reporting requirements. These judgments and estimates are based on the Company s historical experience, current trends and information available from other sources, as appropriate. If different conditions result from those assumptions used in our judgments, the results could be materially different from our estimates. We believe the following are our most critical accounting policies as they require significant judgments and estimates in the preparation of our financial statements:

Revenue Recognition: The majority of our product sales are recorded at the time of shipment, when legal title has transferred and risk of loss passes to the customer, when persuasive evidence of an arrangement exists, the seller s price to the buyer is fixed or determinable and collectibility is reasonably assured. 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. All of our equipment contains embedded operating systems and data management software which is included in the purchase price of the equipment. The software is deemed incidental to the systems as a whole as it is not sold separately or marketed separately and its production costs are minor as compared to those of the hardware system. Returns and customer credits are infrequent and are recorded as a reduction to sales. Rights of return are not included in sales arrangements. Revenue associated with products that contain specific customer acceptance criteria is not recognized before the customer acceptance criteria are satisfied.

Astro-Med recognizes revenue for non-recurring engineering (NRE) fees for product modification orders upon completion of agreed-upon milestones. Revenue is deferred for any amounts received prior to completion of milestones. Certain of our NRE arrangements include formal customer acceptance provisions. In such cases, we determine whether we have obtained customer acceptance for the specific milestone before recognizing revenue.

Infrequently, the Company receives requests from customers to hold product being purchased from us for the customers convenience. We recognize revenue for such bill and hold arrangements provided the transaction meets the following criteria: a valid business purpose for the arrangement exists; risk of ownership of the purchased product has transferred to the buyer; there is a fixed delivery date that is reasonable and consistent with the buyer s business purpose; the product is ready for shipment; the payment terms are customary; we have no continuing performance obligation in regards to the product and the product have been segregated from our inventories.

Warranty Claims and Bad Debts: Provisions for the estimated costs for future product warranty claims and bad debts are recorded in cost of sales and general and administrative expense, respectively, at the time a sale is recorded. The amounts recorded are generally based upon historically derived percentages while also factoring in any new business conditions that might impact the historical analysis such as new product introduction for warranty and bankruptcies of particular customers for bad debts. We also periodically evaluate the adequacy of our reserves for warranty and bad debts recorded in its consolidated balance sheet as a further test to ensure the adequacy of the recorded provisions. Warranty and bad debt analysis often involves subjective analysis of a particular customer s ability to pay. As a result, significant judgment is required in determining the appropriate amounts to record and such judgments may prove to be incorrect in the future. We believe that our procedures for estimating such amounts are reasonable and historically have not resulted in material adjustments in subsequent periods when the estimates are adjusted to the actual amounts.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or market. The Company records provisions to write-down obsolete and excess inventory to its estimated net realizable value. The process for evaluating obsolete and excess inventory consists of analyzing the inventory supply on hand and estimating the net realizable value of the inventory based on historical experience, current business conditions and anticipated future sales. We believe that our procedures for estimating such amounts are reasonable and historically have not resulted in material adjustments in subsequent periods when the estimates are adjusted to actual experience.

Income Taxes: A valuation allowance is established when it is more-likely-than-not that all or a portion of deferred tax assets will not be realized. A review of all available positive and negative evidence must be considered, including our performance, the market environment in which we operate, length of carryforward periods, existing sales backlog and future sales projections. If actual factors and conditions differ materially from the estimates made by management, the actual realization of the net deferred tax assets or liabilities could vary materially from the amounts previously recorded. At January 31, 2011, the Company has provided valuation allowances for future tax benefits resulting from certain R&D tax credits which could expire unused.

The calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions. Although guidance on the accounting for uncertain income taxes prescribes the use of a recognition and measurement model, the determination of whether an uncertain tax position has met those thresholds will continue to require significant judgment by management. If the ultimate resolution of tax uncertainties is different from what we have estimated, our income tax expense could be materially impacted.

Long-Lived Assets and Goodwill: The impairment of long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset.

Management evaluates the recoverability of goodwill annually or more frequently if events or changes in circumstances, such as declines in sales, earnings or cash flows, or material adverse changes in the business climate, indicate that the carrying value of an asset might be impaired. Goodwill is considered to be impaired when the net book value of a segment exceeds its estimated fair value. Fair values are established using a discounted cash flow methodology based on the long-range planning forecast.

Share-Based Compensation: Share-based compensation expense is based on the estimated the fair value of each option on the date of grant using the Black-Scholes option-pricing model. Our estimate of share-based compensation requires a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns (expected life of the options) the risk free interest rate and the Company s dividend yield. The stock price volatility assumption is based on the historical weekly price data of our common stock over a period equivalent to the weighted average expected life of our options. Management evaluated whether there were factors during that period which were unusual and would distort the volatility figure if used to estimate future volatility and concluded that there were no such factors. In determining the expected life of the option grants, the Company has observed the actual terms of prior grants with similar characteristics and the actual vesting schedule of the grant and has assessed the expected risk tolerance of different option groups. The risk-free interest rate used in the model is based on the actual U.S. Treasury zero coupon rates for bonds matching the expected term of the option as of the option grant date. The dividend assumption is based upon the prior year s average dividend yield. No compensation expense is recognized for options that are forfeited for which the employee does not render the requisite service.

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Recent Accounting Pronouncements

Reference is made to Note 1 of our Consolidated Financial Statements included herein.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

The registrant is a smaller reporting company and is not required to provide this information.

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 15(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)

	2011			
	Q1	**Q2**	**Q3**	**Q4**
Net Sales	$ 17,077	$ 17,753	$ 18,329	$ 17,857
Gross Profit	$ 6,865	$ 7,024	$ 7,401	$ 7,376
Net Income	$ 430(1)	$ 323	$ 792(3)	$ 517
Net Income Per Common Share Basic	$ 0.06	$ 0.04	$ 0.11	$ 0.07
Net Income Per Common Share Diluted	$ 0.06(2)	$ 0.04	$ 0.11(4)	$ 0.07

	2010			
	Q1	**Q2**	**Q3**	**Q4**
Net Sales	$ 14,677	$ 16,416	$ 16,658	$ 16,281
Gross Profit	$ 5,813	$ 6,951	$ 7,059	$ 6,805
Net Income (Loss)	$ (231)	$ 585	$ 683	$ 1,728(5)
Net Income (Loss) Per Common Share Basic	$ (0.03)	$ 0.08	$ 0.10	$ 0.24
Net Income (Loss) Per Common Share Diluted	$ (0.03)	$ 0.08	$ 0.09	$ 0.23(6)

(1) First quarter fiscal year 2011 net income includes gain on legal settlement, net of taxes of $63,000.
(2) First quarter fiscal year 2011 diluted net income per common share includes a gain on legal settlement, net of tax of $0.01.
(3) Third quarter fiscal year 2011 net income includes a tax benefit of $241,000 related to the resolution of a previously uncertain tax position and a benefit of $143,000 recorded as a result of a favorable adjustment in the filing of the prior year s tax returns.
(4) Third quarter fiscal year 2011 diluted net income per common share includes and a tax benefit of $0.03 related to the resolution of a previously uncertain tax position and a tax benefit of $0.02 recorded as a result of a favorable adjustment in the filing of the prior year s tax returns.
(5) Fourth quarter fiscal year 2010 net income includes a gain on legal settlement, net of taxes, of $904,000; a gain on bargain purchase related to the acquisition of Label Line of $112,000; and a tax benefit of $335,000 recorded as a result of the resolution of a previously uncertain tax position.
(6) Fourth quarter fiscal year 2010 diluted net income per common share includes a gain on legal settlement, net of taxes of $0.12; a gain on bargain purchase of $0.02; and a tax benefit of $0.04 recorded as a result of the resolution of a previously uncertain tax position.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

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Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K pursuant to Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective at January 31, 2011 to ensure that the information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management s Annual Report on Internal Control over Financial Reporting

The Company s management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). The Company s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of published financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or the degree of compliance may deteriorate.

Management conducted its evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as of January 31, 2011. Based on this assessment, the principal executive officer and principal financial officer believe that as of January 31, 2011, the Company s internal control over financial reporting was effective based on criteria set forth by COSO in Internal Control-Integrated Framework.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company s internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to affect our internal control over financial reporting.

Item 9B. ***Other Information***

Nothing to Report

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The response to this item is incorporated by reference to the Company s definitive proxy statement for the 2011 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	85	Chairman, Chief Executive Officer and Director
Everett V. Pizzuti	74	President, Chief Operating Officer and Director
Joseph P. O Connell	67	Senior Vice President, Treasurer and Chief Financial Officer
Elias G. Deeb	68	Vice President Media Products
Gordon Bentley	64	Vice President Information Technology
Michael J. Sullivan	60	Vice President and Chief Technology Officer
Michael M. Morawetz	51	Vice President International Branches
Stephen M. Petrarca	48	Vice President Instrument Manufacturing
Erik J. Mancyak	35	Vice President and Corporate Controller

Mr. Ondis has been a Director and Chief Executive Officer since he founded the Company in 1969. He was previously President and the Chief Financial Officer (Treasurer) of the Company from 1969 to 1985.

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

Mr. O Connell joined the Company in 1996. He previously held senior financial management positions with Cherry Tree Products Inc., IBI Corporation and Avery Dennison Corporation. Mr. O Connell is also Assistant Secretary of the Company. He was appointed to the position of Senior Vice President in 2007.

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. Bentley was appointed Vice President of Information Technology in 2007. He was previously Director of Information Technology and held other various operations positions since joining the Company in 1980.

Mr. Sullivan was appointed Vice President and Chief Technology Officer in 2000. He is an electronic engineer and has been with the Company since 1983.

Mr. Morawetz was appointed Vice President International Branches in 2006. He was previously the General Manager of Branch Operations for the Company s German Subsidiary, having joined the Company in 1989.

Mr. Petrarca was appointed Vice President of Instrument Manufacturing in 1998. He has previously held positions as General Manager of Manufacturing, Manager of Grass Operations and Manager of Grass Sales. He has been with the Company since 1980.

Mr. Mancyak was appointed Vice President of the Company on April 1, 2011. He also holds the position of Corporate Controller and Principal Accounting Officer to which he was appointed in January 2009. He served as Assistant Corporate Controller of the Company from July 1, 2008 to January 2009 and prior to that was an Accounting Manager of the Company beginning July 1, 2005. Prior to June 30, 2005, Mr. Mancyak was Senior Treasury Analyst at American Power Conversion and an auditor at the international accounting firm of KPMG LLP.

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Code of Ethics

The Company has adopted a Code of Ethics which applies to all directors, officers and employees of the Company, including the Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Corporate Controller, as supplemented by a Code of Ethical Conduct for the Chief Executive Officer and Senior Financial Officers, which meets the requirements of a code of ethics as defined in Item 406 of Regulation S-K. A copy of the Code of Ethics will be provided to shareholders, without charge, upon request directed to Investor Relations or can be obtained on the Company s website, *(www.astro-medinc.com)*, under the heading Corporate Governance Charters. The Company will disclose any amendment to, or waiver of, a provision of the Codes for the CEO, COO, CFO, Controller or persons performing similar functions by posting such information on its website and filing a Form 8-K as required under the rules of the NASDAQ Global Market.

Item 11. ***Executive Compensation***

The response to this item is incorporated by ref