ASTRO MED INC /NEW/
Form 10-K
April 16, 2008
Table of Contents

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, 2008

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,	**02893**
West Warwick, Rhode Island	**(Zip Code)**
(Address of principal executive offices)	

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 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

As of August 3, 2007, the aggregate market value of the voting common equity of the Registrant held by non-affiliates of the Registrant, based on the closing price on the Nasdaq Global Market was $47,900,025.

As of April 4, 2008 there were 6,992,191 shares of common stock (par value $0.05 per share) of the Registrant issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company s definitive proxy statement for the 2008 annual meeting of shareholders are incorporated by reference into Part III. See pages 20 through 22 for the exhibit index.

Table of Contents

ASTRO-MED, INC.

FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

2

Table of Contents

ASTRO-MED, INC.

PART I

Item 1. ***Business***

General

Astro-Med, Inc. (the Company) designs, develops, manufactures and distributes a broad range of specialty printers and electronic instruments which incorporate advance technologies including both hardware and software. Target markets for products of the Company include aerospace, automotive, avionics, transportation, communications, computer peripherals, apparel, food and beverage, chemicals, distribution, life sciences, packaging and general manufacturing.

The Company s products are distributed through its own domestic and international sales force in North America and Western Europe and by authorized dealers elsewhere in the world. Approximately 30% of the Company s sales in fiscal 2008 were to customers located outside the United States.

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 which constitute or contain forward-looking statements as 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 and the letter to our shareholders distributed in connection with our annual meeting 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 and those detailed herein under Item 1A, Risk Factors and from time to time in other filings with the SEC.

Narrative Description of Business

Product Overview

The Company develops and manufactures systems that have the ability to acquire, process, analyze, store and present electronic data in a variety of useable forms. The Company sells its product under brand names including Astro-Med (T&M), QuickLabel Systems (QuickLabel) and Grass Technologies (GT). Products sold under the Astro-Med brand acquire and record data and print the output onto charts or electronic media. Products sold under the QuickLabel Systems brand create product and packaging labels and tags in one or many colors. Products sold under the Grass Technologies brand electronically capture and record neurological data that is used to diagnose epilepsy or to study sleep disorders. The Company supplies a range of products that include hardware, software and consumables to customers who are in a variety of industries.

Products sold under the Astro-Med brand include ToughWriter page printers and ToughSwitches for use in passenger and military aircraft. ToughWriter page printers are used in both the cockpit and the cabins of aircraft. ToughSwitches are also used in military vehicles. These and other similar products are ruggedized and comply with rigorous military standards specifications for operation under extreme environmental conditions. The Company is currently furnishing ToughWriters for the Airbus A380, the Boeing C-17, B-787, B-777, B-747, B-767, and the Lockheed C-130.

Table of Contents

Other products sold under the Astro-Med brand include the Everest, a telemetry workstation used widely in the aerospace industry to monitor and track space vehicles, aircraft and missiles under test. The Everest ranges in price from $18,000 to $35,000 depending on features and options selected.

The Astro-Med brand Dash Series constitute a family of portable electronic data acquisition systems which are used as maintenance and troubleshooting instruments for pulp, paper, metal mills, power plants, automotive R & D centers and manufacturing plants. Included in the Dash Series are the Dash 2EZ, Dash 8X, Dash 8HF, Dash 8XPM, Dash 32HF and the Dash 18 and they range in price from $3,500 to $20,000 depending on model and features and options selected.

Products sold under the QuickLabel System brand include a family of digital color label printers including the Vivo!, the first electrophotographic roll-to-roll printer, the QLS-4100 XE, QLS-8100 XE, QLS-2000, and QLS-3000 thermal transfer label printers, the ZEO inkjet printer which was introduced in fiscal 2008, as well as a line of monochrome thermal transfer digital label printers including the Pronto! Series. This Series includes four models used in printing bar code labels.

QuickLabel digital color label printers are sold via a direct sales force throughout the US, Canada, and Western Europe, and serviced by a factory-trained, direct technical support staff. In the rest of the world, QuickLabel uses a broad network of dealers to sell and support its products. QuickLabel s unique labeling solutions are aimed at label printing applications in which product packaging requires frequent content changes. QuickLabel digital color label printers fill a critical need in environments which require on-demand flexibility to package multiple product variations, and to add value to the product itself, as in private labeling, to produce OEM packaging, and to customize virtually any product. Industries that require instant label production flexibility include food and beverage, foodservice distribution, grocery retailing, chemical and sanitary supplies, pharmaceutical and medical products, personal care products, advertising specialties, tire manufacturing and apparel.

Custom QuickLabel, a custom label creation software package, is an integral part of the QuickLabel printing system, and was designed by the same team of engineers who designed the digital label printers. The latest generation of QuickLabel s proprietary user-friendly label creation software offers significant new tools for simplifying label creation and for controlling and enhancing label output. The Company s patented MicroCell® half-toning algorithms have been improved in this latest version of the software, so that printers driven by Custom QuickLabel now render process-color print quality that closely approximates digital artwork.

QuickLabel digital label printers generate revenue through label, tag, thermal transfer ribbon and toner cartridge consumables sales. The Company engineers and manufactures unique printing supplies especially for use in optimizing the performance of the QuickLabel brand of digital label printers.

Products sold under the Grass Technologies brand include systems, instruments and software products to detect, amplify and display the electrical activity of the human brain commonly called electroencephalography (EEG). EEG data is used by clinicians to diagnose epilepsy and other neurological conditions including sleep apnea.

Included in the Grass Technologies line of products are the Comet, the Aura, the wireless Aura PSG, and the Beehive. These systems are all operated under the Twin software system, a Windows-based multi-module software program developed by the Company over the past six years. Included also is a line of amplifiers, electrodes, transducers and stimulators used by clinicians and researchers.

Products sold under the Grass Technologies brand are sold to hospitals, sleep centers, clinics and doctors offices. All Grass Technologies clinical products which are connected to the human body are approved by the Food and Drug Administration (FDA).

Technology

The core technologies of the Company 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.

The Company is continually improving the performance and functionality of core technologies, enabling the Company to lead the competition with innovative products.

Patents and Copyrights

The Company holds a number of product patents in the United States and in foreign countries. It has filed applications for other patents that are pending. The Company considers its patents to be important, but does not believe that its business is materially dependent on them. The Company copyrights its 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 to the Company s specifications by suppliers. Raw materials required for the manufacture of products, including parts produced to the Company s specifications, are generally available from numerous suppliers. However, the Company does obtain certain components of its products and certain finished products from sole sources.

Product Development

The Company maintains an active program of product research and development. During fiscal 2008, 2007 and 2006, the Company incurred costs of $4,589,022, $4,187,018, and $4,042,710, respectively, on Company-sponsored product development. The Company is committed to product development as a requisite to its growth and expects to continue its focus on research and development efforts in fiscal 2009 and beyond.

Marketing and Competition

The Company competes worldwide in many markets including clinical and research medicine, aerospace, avionics, automotive and general manufacturing. The Company retains a competitive position in its respective markets by virtue of proprietary technology, product reputation, delivery, technical assistance and service to customers.

The Company markets its products worldwide by advertising and promotion using major national and international trade journals, scientific meetings and trade shows, direct mailing campaigns and the internet.

The products are sold by direct field sales persons as well as independent dealers and representatives. In the United States, the Company has direct field sales people located in major cities from coast to coast specializing in either T&M Recorders and Data Acquisitions systems, QuickLabel Color Label printers and media systems, or GT Neurological Instrumentation products. Additionally, the Company has direct field sales and service centers in Canada, England, France and Germany. In the remaining parts of the world, the Company utilizes approximately 80 independent dealers and representatives selling and marketing its products in about 40 countries.

The Company has a number of competitors in each of the markets that it serves. In the T&M area, the Company feels that it leads the field in Data Acquisition Recorders.

In the Color Label Printer field, the Company believes it leads the world in color printing using the thermal transfer printing technology. The Company introduced the first thermal transfer color printers in 1995. The Company believes it is the first to introduce an electrophotgraphic roll-to-roll color label printer.

Table of Contents

The Grass Technologies products of the Company are devoted to clinical applications in EEG, PSG, and Long Term Epilepsy Monitoring (LTM). There are approximately fourteen companies that compete in one or more of the three modalities (EEG, PSG, LTM), but none are the clear leader. The Company feels it offers superior products based upon its long history and pioneering efforts in the field since 1935. The Company, unlike most of its competitors, designs, manufactures and produces complete systems including transducers, amplifiers, sensors, and Windows-based application software. Additionally, the Company produces a range of life science products for the research market. Many of the latter products eventually find their way into clinical applications.

No single customer accounted for 10% or more of the Company s net sales in any of the last three fiscal years. The Company s products were sold to approximately 5,000 customers.

International Sales

In fiscal 2008, 2007 and 2006, net sales to customers in various geographic areas outside the United States, primarily in Canada and Western Europe, amounted to $21,892,000, $18,015,000, and $17,884,000, respectively.

Order Backlog

The Company 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 does not indicate future sales trends. The Company s backlog at January 31, 2008 and 2007 was $6,913,000 and $5,959,000, respectively.

Other Information

The Company s business is not seasonal in nature. However, the Company s sales are impacted by the size and complexity 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 generally averaged approximately $438,000 a year for the Company s last five fiscal years.

As of January 31, 2008, the Company employed approximately 396 people. 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 1A. ***Risk Factors***

Investing in our common stock involves a degree of risk. The risks and uncertainties described below are not the only risks facing our Company. Additional risks and uncertainties may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations would likely suffer.

Astro-Med competes in highly competitive markets which are likely to become more competitive. The markets for our products are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. Current competitors or new market entrants may develop new products with features that could adversely affect the competitive position of our products. We may not be successful in selecting, developing, manufacturing and marketing new products or enhancing our existing products or in responding effectively to technological changes, new standards or product announcements by competitors. The timely availability of new products and enhancements, and their acceptance by customers are important to our future success. Delays in such availability or a lack of market acceptance could have an adverse effect on our business. Additionally, there may be technological innovation that eliminates or reduces the needs for our products.

Table of Contents

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 product returns or recalls and loss or delay in market acceptance which could have a material adverse effect on our business, operating results or financial condition.

Astro-Med sells a significant portion of its products internationally. We sell our products worldwide through several foreign locations and distributors. Our worldwide operations are subject to the risks normally associated with foreign operations including, but not limited to:

- Customer and vendor financial stability;
- Volatility in general world economic conditions;
- The disruption of markets;
- Changes in export or import laws;
- Restrictions on currency exchanges;
- Longer payment terms; and
- The modification or introduction of government policies with potentially adverse effects.

International sales, which are both direct and indirect sales to customers outside the U.S. accounted for approximately 30% of our sales in fiscal 2008. We anticipate that international sales will continue to account for a significant portion of our revenue. We invoice our customers in various currencies. Therefore, we may be exposed to exchange losses based upon currency exchange rate fluctuations, which losses could have a material adverse effect on our operating results.

Astro-Med depends on the ongoing service of its senior management and ability to attract and retain other key personnel. Our success depends to a significant degree upon the continuing contributions of key management, sales, marketing, research and development and manufacturing personnel, many of whom we would have difficulty replacing. We believe that our future success will depend in large part upon our ability to attract and retain highly skilled engineers and management, sales and marketing personnel. Failure to attract and retain key personnel could have a material adverse effect on our business, operating results or financial position.

Astro-Med cannot provide any assurance that current laws, or any laws enacted in the future, will not have a material adverse effect on our business. 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.

Astro-Med relies on sole source suppliers that may result in product delays or price increases. We currently obtain certain components of our products and certain finished products from sole sources. In the future, our suppliers may not be able to meet our demand for components and products in a timely and cost effective manner. Our inability to secure and qualify alternative sources of supply in a timely manner may disrupt our ability to fulfill customer orders.

Astro-Med spends a significant amount of time and effort related to the development of our Ruggedized and Color Printer products. Failure to further develop these products and markets as anticipated could adversely affect our growth.

Astro-Med sells medical equipment to customers who rely on certain third party reimbursement rates. We cannot be certain that third party reimbursement rates and policies will continue in the future. Any change in reimbursement rates and policies could impact our business.

Our investments in auction rate securities are subject to risks that may cause losses and affect the liquidity of these investments. As of January 31, 2008, we held $6,250,000 of auction rate securities classified as short-term investments. With the liquidity issues experienced in global credit and capital markets, auctions of some of the auction rate securities that we hold failed subsequent to January 31, 2008. If the uncertainties in the credit and capital market continue, these markets deteriorate further or the various rating agencies downgrade any of the auction rate securities that we hold, we may be required to write-down the value of these investments.

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, RI	126,000	Corporate headquarters, research and development, manufacturing, sales and service
Rockland, MA	36,000	Manufacturing, sales and service
Slough, England	1,700	Sales and service

The Company also leases facilities in four locations. The following information pertains to each location:

Location	Approximate Square Footage	Principal Use
Rodgau, Germany	5,435	Manufacturing, sales and service
Longueuil, Quebec, Canada	3,800	Sales and service
Trappes, France	2,164	Sales and service
Schaumburg, IL	1,131	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. During fiscal 2008, the Company began an expansion of its facility located in West Warwick, RI.

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.

Table of Contents

PART II

Item 5. ***Market for the Registrant s Common Stock, Related Stockholder s Matters and Issuer Purchases of Equity Securities***
The Company s common stock trades on The NASDAQ Global 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.

Years Ended January 31,	High	Low	Dividends Per Share
2008			
First Quarter	$ 11.94	$ 10.48	$ 0.05
Second Quarter	$ 12.08	$ 9.11	$ 0.05
Third Quarter	$ 10.68	$ 8.38	$ 0.05
Fourth Quarter	$ 10.29	$ 8.40	$ 0.05
2007			
First Quarter	$ 9.40	$ 7.82	$ 0.05
Second Quarter	$ 10.45	$ 8.72	$ 0.05
Third Quarter	$ 10.70	$ 9.80	$ 0.05
Fourth Quarter	$ 10.67	$ 9.59	$ 0.05

The Company had approximately 394 shareholders of record as of April 4, 2008, which does not reflect shareholders with beneficial ownership in shares held in nominee name.

Table of Contents

Set forth below is a line graph comparing the cumulative total return on the Company s common stock against the cumulative total return of a NASDAQ market index and a peer index for the period of five fiscal years ended January 31, 2008. The University of Chicago s Center for Research in Security Pricing (CRSP) total return index is calculated using all companies trading on the NASDAQ Global Select, NASDAQ Global Market and the NASDAQ Capital Market listing through January 31, 2008. It includes both domestic and foreign companies. The index is weighted by the current shares outstanding and assumes dividends reinvested. The return is calculated on a monthly basis. The peer group index, the CRSP Index for NASDAQ Electronic Components Stock designated below as the industry index, is comprised of companies classified as electronic equipment manufacturers. The total returns assume $100 invested on February 1, 2003 with reinvestment of dividends.

	2003	2004	2005	2006	2007	2008
Astro-Med, Inc	$ 100.00	432.44	306.47	338.41	433.62	412.29
Nasdaq Electronic Components	$ 100.00	197.43	142.17	157.66	164.79	156.13
Nasdaq US and Foreign Index	$ 100.00	157.46	157.32	177.50	190.97	186.45

Shareholder Services

Shareholders who desire information about the Company are invited to contact the Investor Relations Department, Astro-Med, Inc., 600 East Greenwich Avenue, West Warwick, RI 02893 or call (401) 828-4000. Visit our Investor Relations website at *WWW.ASTRO-MEDINC.COM*. We make available free of charge on our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. These filings are also accessible on the SEC s website at http://www.sec.gov.

Dividend Policy

The Company began a program of paying quarterly cash dividends in fiscal 1992. The Company anticipates that it will continue to pay comparable cash dividends on a quarterly basis. The Company has paid a dividend for 66 consecutive quarters. During the first quarter of fiscal 2009 the Company announced an increase to its quarterly dividend to $.06 per share.

Table of Contents

Stock Repurchases

On August 16, 2004, the Company 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.

During the fourth quarter of fiscal 2008, 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(a)	Maximum Number of Shares That May Be Purchased Under The Plans or Programs(a)
November 4 December 1		$		447,589
December 2 December 29	55,300	$ 8.68	55,300	392,289
December 30 January 31		$		392,289

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

(Dollars in Thousands, Except Per Share Amounts)

	2008	2007	2006	2005	2004
Results of Operations:					
Net Sales	$ 72,371	$ 65,519	$ 59,301	$ 55,975	$ 55,781
Cost of Sales	41,260	38,521	34,643	32,929	32,792
Gross Profit	31,111	$ 26,998	$ 24,658	$ 23,046	$ 22,989
Selling, General and Administrative	21,808	19,321	17,460	16,430	15,673
Research & Development	4,589	4,187	4,043	4,046	3,686
Restructuring and Impairment (Credits) Charges	515				(15)
Operating Expenses	26,912	23,508	21,503	20,476	19,344
Gain on Sale of Real Estate, Net of Related Costs		5,252			
Operating Income	4,199	8,742	3,155	2,570	3,645
Investment Income	611	649	337	416	202
Other, Net	244	234	(90)	(219)	(63)
Income before Income Taxes	5,054	9,625	3,402	2,767	3,784
Income Tax Provision	744	3,566	851	57	567
Net Income	$ 4,310	$ 6,059	$ 2,551	$ 2,710	$ 3,217
Per Share:					
Net Income per Common Share Basic	$ 0.63	$ 0.90	$ 0.39	$ 0.41	$ 0.53
Net Income per Common Share Diluted	$ 0.57	$ 0.82	$ 0.35	$ 0.37	$ 0.48
Dividends Declared per Common Share	$ 0.20	$ 0.20	$ 0.13	$ 0.13	$ 0.13
Financial Condition:					
Working Capital	$ 39,411	$ 34,294	$ 31,222	$ 29,268	$ 24,499
Total Assets	$ 61,699	$ 58,001	$ 49,647	$ 47,039	$ 42,065

Long-Term Debt	$	$	$	$	$
Shareholders Equity	$ 49,355	$ 45,958	$ 40,301	$ 38,408	$ 34,547

Table of Contents

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 three business segments including:

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

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

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

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

The Company s strategic growth strategy centers on organic growth through product innovation made possible by research and development initiatives, as well as acquisitions that fit into existing core businesses. Research and development activities are funded and expensed by the Company at approximately 6.5% of annual sales.

The Company s continued success in increasing its product revenues will be dependent on the Company s ability to introduce new and/or enhanced product lines each year. The Company targets approximately 45% of annual hardware sales to be generated by products developed or acquired within the past three years.

To help sustain its continued growth and profitability in fiscal 2009 and beyond, the Company will increase its investment in: personnel by adding salespersons in underserved markets; productivity by increasing manufacturing capabilities through the acquisition of new equipment, such as metal fabrication equipment and electronic circuit board automatic test equipment; distribution by expanding our global dealer organization; and information technology by providing hardware and software tools that improve the knowledge and efficiency of our employee population.

Results of Operations

(dollars in thousands)	**2008 Sales**	**2008 Sales as a %**	**% Change Over Prior Year**	**2007 Sales**	**2007 Sales as a %**	**% Change Over Prior Year**	**2006 Sales**	**2006 Sales as a %**
T&M	$ 16,505	22.8%	5.2%	$ 15,695	23.9%	36.9%	$ 11,467	19.3%
QuickLabel	38,144	52.7%	22.6%	31,121	47.5%	4.8%	29,698	50.1%
GT	17,722	24.5%	(5.2%)	18,703	28.6%	3.1%	18,136	30.6%
Total	$ 72,371	100.0%	10.5%	$ 65,519	100%	10.5%	$ 59,301	100.0%

Table of Contents

Fiscal 2008 compared to Fiscal 2007

The Company s sales in fiscal 2008 were $72,371,000, up 10.5% from the prior year s sales of $65,519,000. Domestic sales of $50,479,000 increased 6.3% from the prior year sales of $47,504,000. The increase was driven by growth in the T&M and QuickLabel product groups. T&M domestic sales increased 12.7% on strong growth from the Dash and Ruggedized products. QuickLabel System domestic sales increased 13.7% over the prior year sales as demand for the Company s color printer systems and consumables remained strong. GT domestic sales decreased 11.5% as a result of lower sleep systems and research product sales. Sales through the Company s international channels were $21,892,000, representing a 21.5% increase from the prior year sales of $18,016,000. The increase was driven by growth in the QuickLabel and GT product groups. QuickLabel international sales increased 43.9% on strong demand for the Company s color printer systems and consumable sales while GT international sales increased 11.0% on strong demand for the Company s sleep systems and electrode consumables. T&M international sales declined 19.9% due to lower Everest product sales. The impact of foreign exchange rate changes added approximately $1,271,000 in sales through the international channel when compared to the prior year.

The Company s hardware sales were $35,128,000, up 7.2% from the prior year sales of $32,779,000. The increase was driven by the T&M Ruggedized and Dash products, the QuickLabel printer systems and the GT LTM systems. Lower hardware sales were experienced in the T&M Everest and GT Sleep and Research product lines.

The Company s consumable sales were $31,986,000, up 14.3% from the prior year sales of $27,991,000. This increase was driven by QuickLabel consumable sales and GT electrode product lines which increased 17.8% and 4.0%, respectively.

The Company s service and related products were $5,257,000, up 10.7% from the prior year sales of $4,749,000 as a result of higher sales of parts and repairs.

The Company s gross profit was $31,111,000, an increase of $4,113,000 over the prior year s gross profit of $26,998,000. This year s gross profit margin of 43.0% was higher than the prior year s gross margin of 41.2%. The increase in gross profit margin was the result of an improvement in absorption driven by the higher volume of sales. The impact of product mix on the Company s gross margin during the year was nominal.

Operating expenses grew 14.5% to $26,912,000. Specifically, selling, general and administrative (SG&A) expenses increased 12.9% to $21,808,000, representing 30.1% of sales which was up slightly from the prior year s 29.5% of sales. The increased SG&A spending was the result of higher personnel costs, commissions, travel expenses, legal fees and other professional fees. During fiscal 2008, the Company spent approximately $362,000 in connection with preparations related to Sarbanes-Oxley Section 404 requirements. Research & Development (R&D) expenses increased 9.6% to $4,589,000. This level of spending represents 6.3% of sales which was nominally lower than the prior year s level of 6.4%. Also included in operating expenses is approximately $515,000 of restructuring charges related to the Company s decision to reorganize and close the sales and service centers located in Italy and the Netherlands.

Investment income in fiscal 2008 was $611,000, down from $649,000 in fiscal 2007. The decrease in investment income during fiscal year 2008 was attributable to lower average cash balances during the year and lower pretax investment yields associated with the Company s move towards tax exempt investments. Other income was $244,000 in fiscal 2008 as compared to other income of $235,000 in fiscal 2007.

As a result of the adoption of SFAS No. 123(R), during fiscal 2008 the Company s pretax income was reduced by approximately $585,327 in stock-based compensation expense. The composition included $97,378 recorded in cost of sales, $390,816 recorded in SG&A and $97,378 recorded within R&D. During fiscal 2007, the Company s pretax income was reduced by $412,693 in stock-based compensation expense. The composition included $78,085 recorded in cost of sales, $261,169 recorded in SG&A and $73,439 recorded within R&D.

Table of Contents

During fiscal 2008 the Company incurred an income tax expense of $744,000. The current year s income tax expense includes 1) an expense of $2,128,000 on the current year s pre-tax income, 2) a benefit of $167,000 related to the completion of an IRS exam, 3) a benefit of $319,000 related to changes in uncertain R&D and foreign tax credit positions, 4) an expense of $40,000 related to differences between the prior year tax provision and the actual return as filed and 5) tax benefits of $938,000 related to the restructuring and closing of the sales and service centers located in Italy and the Netherlands. This compares to an income tax expense of $3,566,000 in the prior year which includes 1) an expense of $1,671,000 on the current year s pre-tax income, excluding the gain on sale of real estate, 2) a benefit of $232,000 related to differences between the prior year tax provision and the actual return as filed primarily due to additional tax credits, R&D credits and lower state income taxes and 3) an expense of $2,127,000 related to the net gain on the sale of the Company s Braintree property.

Included in the fiscal 2008 Net Income Per Common Share-Diluted of $.57 is $.06 of favorable tax benefits and $.05 of favorable adjustments related to the restructuring of the sales and service centers located in Italy and the Netherlands. Included in fiscal 2007 Net income per Common Share-Diluted of $.82 is $.03 of favorable tax adjustments and $.42 for the gain on the sale of the Company s Braintree property.

The Company reports three segments that mirror the Company s sales product groups (i.e., T&M, QuickLabel and GT). The Company evaluates segment performance based on the operating segment s profit before corporate and financial administration expenses.

The following table summarizes selected financial information by segment:

(dollars in thousands)	Sales			Segment Operating Profit			Segment Operating Profit %		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
T&M	$ 16,505	$ 15,695	$ 11,467	$ 3,056	$ 2,592	$ 331	18.5%	16.5%	2.9%
QuickLabel	38,144	31,121	29,698	4,222	1,248	2,874	11.1%	4.0%	9.7%
GT	17,722	18,703	18,136	1,583	3,109	2,906	8.9%	16.6%	16.0%
Total	$ 72,371	$ 65,519	$ 59,301	$ 8,861	$ 6,949	$ 6,111	12.2%	10.6%	10.3%
Corporate Expenses				4,147	3,460	2,956			
Restructuring Charges				515					
Gain on Sale of Real Estate, net					5,252				
Operating Income				4,199	8,741	3,155			
Other Income and Expense, net				855	884	247			
Income Before Income Taxes				5,054	9,625	3,402			
Income Tax Provision				744	3,566	851			
Net Income				$ 4,310	$ 6,059	$ 2,551			

The operating results of each segment are summarized as follows:

Test & Measurement

T&M s sales increased 5.2% in fiscal 2008 to $16,505,000 from $15,695,000 in the prior year. The increase is traceable to sales growth within the Dash products which were up 9.8% and the Ruggedized products which were up 41.7%. These increases were tempered by lower volume from the Everest product line. T&M s segment operating profit was $3,056,000 in fiscal 2008. This result compares favorably to the prior year s segment operating income of $2,592,000. The current year s improvement is due to higher sales volume and improved margins. Selling and marketing expenses as a percent of sales were down slightly from the prior year.

Table of Contents

QuickLabel Systems

QuickLabel Systems sales increased 22.6% in fiscal 2008 to $38,144,000 from $31,121,000 in the prior year. This year s sales growth was driven by a 42.2% increase in printer systems and a 17.8% increase in consumable products. The QuickLabel Product Group segment operating profit was $4,222,000 during fiscal 2008. This amount is an increase from the prior year s segment operating profit of $1,248,000. The improved segment operating profit was driven by sales growth and increased absorption associated with the higher sales. Selling and marketing expenses as a percent of sales were consistent with the prior year.

Grass Technologies

GT s sales decreased 5.2% in fiscal 2008 to $17,722,000 from $18,703,000 in the prior year. The product group s lower sales were due to decreases within Sleep systems which were down 18.6% and research products which were down 11.6%. EEG systems were essentially flat while LTM systems were up 15.1%. The GT product group s consumable sales were essentially flat with the prior year. The GT Product Group segment operating profit was $1,583,000 during fiscal 2008. The decrease from the prior year s segment operating profit of $3,109,000 was due to the lower sales and higher selling and marketing expenses and higher research and development expenses which consumed a higher percent of sales compared to the prior year.

Fiscal 2007 compared to Fiscal 2006

The Company s sales in fiscal 2007 were $65,519,261, up from the prior year s sales of $59,301,180. Domestic sales of $47,503,519 increased 14.7% from the prior year sales of $41,417,102. The increase was shared among each of the product groups. T&M domestic sales increased 50.2% on strong growth from the Everest and Ruggedized products. QuickLabel System domestic sales increased 6.5% over the prior year sales as demand for the Company s consumables remained strong. GT domestic sales increased 5.5% as a result of Sleep and Research products. Sales through the Company s international channels were $18,015,742 representing a 1.0% increase from the prior year sales of $17,884,078. The international channel increase was the result of a mixed performance by the product groups. T&M international sales were 5.5% ahead of the prior year due to increased sales within the Everest Series products. QuickLabel international sales were essentially flat with the prior year with a 2.2% increase in consumable sales being offset by lower hardware sales. GT international sales experienced a 2.5% decrease over the prior year as a result of lower demand for parts and supplies. The impact of foreign exchange rate changes added approximately $400,000 in sales through the international channel.

The Company s hardware sales were $32,779,371, up 15.7% from the prior year sales of $28,335,774. The increase was driven by the T&M Everest Series and Ruggedized products and GT Sleep systems and Research products. QuickLabel hardware was down for the year.

The Company s consumable sales were $27,990,635, up 7.7% from the prior year sales of $25,975,539. This increase was driven by QuickLabel consumable sales and GT electrodes and supplies which increased 10.0% and 6.7%, respectively.

The Company s service and related products were $4,749,255, down 4.8% from the prior year sales of $4,989,867 as a result of lower sales of replacement parts.

The Company s gross profit was $26,997,572, representing an increase of $2,339,438 over the prior year s gross profit of $24,658,134. This year s gross profit margin of 41.2% was slightly lower than the prior year s gross margin of 41.6%. The decrease in gross profit margin was the result of higher manufacturing costs related to ensuring the production facilities are compliant with ROHS and FAA certification requirements which offset manufacturing productivity gains realized from the increase in sales volume.

Table of Contents

Operating expenses grew 9.3% to $23,507,856. Specifically, selling, general and administrative (SG&A) expenses increased 10.6% to $19,320,838, representing 29.5% of sales which was flat with the prior year s 29.4% of sales. The increased SG&A spending was the result of higher personnel costs, commissions, travel and trade show expenses and stock-based compensation expense. Research & Development (R&D) expenses increased 3.6% to $4,187,018. This level of spending represents 6.4% of sales which was slightly lower than the prior year s level of 6.8%.

During the third quarter of fiscal 2007 the Company completed the sale of its property located in Braintree, Massachusetts for the price of $6,100,000 which was received in cash at the closing. The net pretax gain on the sale of this property after professional fees, management bonus expense and other miscellaneous fees was $5,251,707.

Investment income in fiscal 2007 was $648,855, up from $337,094 in fiscal 2006. The increase in investment income during fiscal year 2007 was attributable to higher average cash balances during the year and higher investment yields. Other income was $234,839 in fiscal 2007 as compared to other expense of $90,163 in fiscal 2006. The favorable change of $325,002 was driven by the impact of favorable foreign exchange transactions of $137,000, the sale of GT research contracts of $75,000 and other miscellaneous income of $113,002.

As a result of the adoption of SFAS No. 123(R) the Company s pretax income for fiscal 2007 was reduced by $412,693. The stock-based compensation expense included $78,085 recorded in cost of sales, $261,169 recorded in SG&A and $73,439 recorded within R&D.

During fiscal 2007 the Company recognized an income tax expense of $3,566,152. Income tax expense for fiscal 2007 includes 1) $1,670,686 on the pre-tax income, 2) a $231,524 favorable adjustment related to differences between the prior year tax provision and the actual tax return as filed primarily relating to additional foreign tax credits, R&D credits and lower state income taxes and 3) expense of $2,127,000 related to the net gain on the sale of the Braintree real estate. This compares to an income tax expense of $851,629 in the prior year which includes 1) an income tax expense of $1,212,000 on the prior year s pre-tax income and 2) a $361,000 reversal of tax reserves related to the favorable resolution of certain income tax examinations.

Included in fiscal 2007 Net income per Common Share-Diluted of $.82 is $.03 of favorable tax adjustments and $.42 for the gain on the sale of the Braintree property. Included in fiscal 2006 Net Income per Common Share-Diluted of $.35 is $.05 of favorable tax adjustments.

Liquidity and Capital Resources

The Company expects to finance its future working capital needs, capital expenditures and acquisition requirements through internal funds. To the extent the Company s capital and liquidity requirements are not satisfied internally, the Company may utilize a $3,500,000 unsecured bank line of credit, all of which is currently available.

The Company s Statements of Cash Flows for the three years ended January 31, 2008, 2007 and 2006 are included on page 31. Net cash flow provided by operating activities in fiscal year 2008 was $2,711,556. The net cash flow provided by operations is attributed to the positive cash flow generated from net income and from depreciation of $1,587,246. Cash flow from operating activities was adversely affected by changes in Assets and Liabilities of $1,598,282. The increase in working capital is in support of the Company s growth.

Net cash flow used in investing activities was $4,045,454 which was mostly the result of the purchase of the Rockland property for approximately $3,181,000 and other capital expenditures of approximately $1,553,000 for machinery and equipment of $653,000, information technology of $262,000, tools and dies of $146,000 and building improvements of $492,000.

Table of Contents

Net cash flow used by financing activities was $713,735 in fiscal 2008. During the year the Company paid dividends of $1,380,259 and purchased $480,068 of Company stock. Also during the current year, the Company generated $830,391 in cash through the exercise of employee stock options and Employee Stock Purchase Plan transactions and $316,201 in excess tax benefits resulting from share-based compensation.

Also during fiscal 2008 the Company transferred $3,200,000 from long term investments to cash for the purpose of purchasing the Rockland facility which it had been leasing. This purchase was completed in March 2007 as part of a Section 1031 like-kind exchange.

Dividends paid for fiscal 2008, 2007, and 2006 were $1,380,000, $1,274,000 and $848,000, respectively. The Company s annual dividend per share was $0.20 in fiscal 2008 and fiscal 2007 and $0.13 in fiscal 2006. Since the inception of the common stock buy back program in fiscal 1997, the Company has repurchased 1,149,335 shares of its common stock. At January 31, 2008, the Company has the Board of Directors authorization to purchase an additional 392,289 shares of the Company s common stock in the future.

Contractual Obligations, Commitments and Contingencies

A summary of the Company s contractual obligations and commitments as of January 31, 2008 is as follows:

	Payment Due Within 1 Year	1-3 Years	Thereafter
Operating Leases	$ 258,520	$ 371,220	$ 75,221
Purchase Obligations	$ 5,467,957		
Total	$ 5,726,477	$ 371,220	$ 75,221

Purchase obligations include amounts committed under legally enforceable contracts or purchase orders for goods and services with defined terms as to price, quantity, and delivery and termination liability.

The Company is subject to contingencies, including legal proceedings and claims arising out of its businesses that cover a wide range of matters, including, among others, contract and employment claims, workers compensation claims, product liability, warranty and 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, the Company believes 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 the consolidated financial position or results of operations of the Company. It is possible, however, that future 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.

Critical Accounting Policies

The Company s discussion and analysis of its 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. (See the Notes to the Consolidated Financial Statements included elsewhere herein.) Certain of the Company s 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. The Company periodically evaluates the judgments and estimates used for its critical accounting policies to ensure that such judgments and estimates are reasonable for its interim and year-end reporting requirements. These judgments and estimates are based on the Company s historical

Table of Contents

experience, current trends and information available from other sources, as appropriate. If different conditions result from those assumptions used in the Company s judgments, the results could be materially different from the Company s estimates. The Company s critical accounting policies include:

Revenue Recognition: The majority of the Company s 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 in accordance with the requirements in Staff Accounting Bulletin (SAB) 104, Revenue Recognition in Financial Statements. When a sale arrangement involves training or installation, the deliverables in the arrangement are evaluated to determine whether they represent separate units of accounting in accordance with SAB 104 and EITF 00-21, Revenue Arrangements With Multiple Deliverables . 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 the Company s 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.

Infrequently, the Company 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 the Company for the customers convenience. The Company recognizes revenue for such bill and hold arrangements in accordance with the requirements of SAB No. 104 which requires, among other things, the existence of a valid business purpose for the arrangement, the transfer of ownership of the purchased product, the readiness of the product for shipment, the use of customary payment terms, no continuing performance obligation by the Company and segregation of the product from the Company s 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 selling, 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. The Company also periodically evaluates the adequacy of its 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 by the Company in determining the appropriate amounts to record and such judgments may prove to be incorrect in the future. The Company believes that its 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.

Table of Contents

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 the Company 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. The Company believes that its 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: The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes . This SFAS requires that a valuation allowance be 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 the Company s performance, the market environment in which the Company operates, length of carryforward periods, existing sales backlog and future sales projections. The Company had previously provided valuation allowances only for future tax benefits resulting from certain foreign losses. During fiscal 2008, the Company also provided a valuation allowance for certain R&D tax credits which could expire unused.

Long-Lived Assets and Goodwill: The impairment of long-lived assets to be held and used are reviewed for impairment in accordance with SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets 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. Goodwill impairment reviews are performed in accordance with the provisions of SFAS No. 142, Goodwill and Other Intangible Assets . 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. The determination of discounted cash flows is based on the long-range planning forecast.

Share-Based Compensation: Prior to February 1, 2006, the Company accounted for employee share-based compensation using the intrinsic value method supplemented by pro forma disclosures in accordance with Accounting Principles Board (APB) No. 25, Accounting For Stock Issued to Employees and SFAS No. 123, Accounting for Stock-Based Compensation . As permitted by SFAS No. 123, the Company historically accounted for share-based payments to employees using APB Opinion No. 25 s intrinsic value method and recognized no compensation expense for employee stock options or shares purchased under the ESPP. Effective as of February 1, 2006, the Company adopted the provisions of SFAS No. 123(R), Share-Based Payment , under the modified prospective transition method outlined in the statement. A modified prospective transition method is one in which compensation expense is recognized beginning with the effective date (a) based on the requirements of SFAS No. 123(R) for all share-based payments granted after the effective date and (b) based on the requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of SFAS No. 123(R) that remain unvested on the date of adoption.

The Company has estimated the fair value of each option grant on the date of grant using the Black-Scholes option-pricing model. The volatility assumption is based on the historical weekly price data of the Company s common stock over a period equivalent to the weighted average expected life of the Company s 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 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.

Table of Contents

Recent Accounting Pronouncements

On February 1, 2007 the Company adopted FIN 48, Accounting for Uncertainty in Income Taxes-an interpretation of SFAS No. 109 . This interpretation describes a recognition threshold and measurement attribute for the financial statement disclosure of tax positions taken or expected to be taken in a tax return. This Interpretation requires recognition of tax benefits that satisfy a more likely than not threshold. This Interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. See Note 8-Income Taxes for further discussion.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements . SFAS No. 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 will be applied prospectively and will be effective for fiscal years beginning after November 15, 2007. The FASB has provided a one year deferral. The Company has elected not to adopt the provisions of SFAS 157 at this time. The Company is evaluating the impact of SFAS No. 157 on its results of operations and financial position.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of SFAS 115 (SFAS No. 159). The new statement allows entities to choose, at specified election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. If a company elects the fair value option for an eligible item, changes in that item s fair value in subsequent reporting periods must be recognized in current earnings. The Company has determined that the adoption of SFAS 159 will not have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued Statement No. 141R, Business Combinations, which establishes principles for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired and liabilities assumed in a business combination, recognizes and measures the goodwill acquired in a business combination, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a business combination. We are required to apply this Statement prospectively to business combinations for which the acquisition date is on or after February 1, 2009.

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

Foreign Exchange Risk

The Company s financial results are affected by changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which products are sold. The Company s primary currency exposures are European Common Currency (Euro), British Pound, and Canadian Dollar. At January 31, 2008, the Company s net investment in foreign assets was $4,926,290. An overall unfavorable change in foreign exchange rates of 10% would have resulted in a lower net income of approximately $49,870 and a $442,759, net of tax, reduction in shareholders equity as a result of the impact on the cumulative translation adjustment.

The Company, on occasion, utilizes foreign exchange option contracts to minimize its exposure associated with unfavorable changes in foreign exchanges rates on certain foreign denominated receivables. During fiscal 2008, the Company did not enter into any foreign exchange option contracts and did not have any open contracts at January 31, 2008. The functional currencies of the Company s foreign affiliates are their respective local operating currencies, which are translated for consolidated financial reporting purposes into U.S. dollars.

Table of Contents

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 annual results of operations is set forth in the following table.

QUARTERLY FINANCIAL DATA (Unaudited)

(Dollars in Thousands, Except Per Share Amounts)

	Quarters Ended			
	May 5, 2007	**August 4, 2007**	**November 3, 2007**	**January 31, 2008**
Net Sales	$ 16,407	$ 18,694	$ 19,139	$ 18,131
Gross Profit	$ 6,846	$ 7,831	$ 8,372	$ 8,062
Net Income	$ 522	$ 886	$ 1,562	$ 1,340
Net Income Per Common Share Basic	$ 0.08	$ 0.13	$ 0.23	$ 0.19
Net Income Per Common Share Diluted	$ 0.07	$ 0.12	$ 0.21	$ 0.18

	April 29, 2006	**July 29, 2006**	**October 28, 2006**	**January 31, 2007**
Net Sales	$ 15,641	$ 16,267	$ 16,043	$ 17,568
Gross Profit	$ 6,276	$ 6,996	$ 6,427	$ 7,299
Net Income	$ 543	$ 740	$ 3,977	$ 799
Net Income Per Common Share Basic	$ 0.08	$ 0.11	$ 0.59	$ 0.12
Net Income Per Common Share Diluted	$ 0.07	$ 0.10	$ 0.53	$ 0.11

During the fourth quarter of fiscal 2008, the Company recorded a restructuring charge of $515,000 and related tax benefits of $728,000 related to the closing of the sales and service centers located in Italy and the Netherlands.

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

None

Item 9A.(T) ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

The Company s management, with the participation of its Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Based on that evaluation, such officers have concluded that the disclosure controls and procedures are effective at January 31, 2008 to ensure that the information we are required to disclose in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the required time periods and communicated to Company management, including the principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

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.

However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with policies 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, 2008.

Based on this assessment, the principal executive officer and principal financial officer believe that as of January 31, 2008, 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 temporary 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 significant changes in the Company s internal control over financial reporting during the Company s most recent fiscal quarter that has materially affected, or is reasonably likely to affect, the Company s 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 2008 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	82	Chairman, Chief Executive Officer and Director
Everett V. Pizzuti	71	President, Chief Operating Officer and Director
Joseph P. O Connell	64	Senior Vice President and Treasurer, Chief Financial Officer
Elias G. Deeb	65	Vice President Media Products
Gordon Bentley	61	Vice President Information Technology
Michael J. Sullivan	57	Vice President and Chief Technology Officer
Michael M. Morawetz	48	Vice President International Branches
Stephen M. Petrarca	45	Vice President Instrument Manufacturing
John D. McGuinness	43	Vice President and Corporate Controller

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

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 functioning as Chief Operating Officer since 1971.

22

Table of Contents

Mr. O Connell joined the Company in 1996. He previously held senior financial management positions with Cherry Tree Products Inc., IBI Corporation and Dennison Manufacturing Company. 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. McGuinness joined the Company in 2004 as Corporate Controller. He was previously the Corporate Controller with Paramount Cards, Inc. from 2001 through 2004, and also held financial management positions with Nortek, Inc., The Monitor Company, and KPMG LLP. He is a certified public accountant. He was appointed to the position of Vice President and Corporate Controller in 2007.

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) (who is both the principal financial and accounting officer) and 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. The Company will provide a copy of the Codes to shareholders, without charge, upon request directed to the Investor Relations Contact listed on the Company s website, *WWW.ASTRO-MEDINC.COM*, under the headings Investor Relations Corporate Governance . The Company has posted the Codes on the Company s website under Investor Relations Corporate Governance and to 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 reference to the Company s definitive proxy statement for the 2008 annual meeting of shareholders.

The information set forth under the heading Compensation Committee Report in the Company s definitive proxy statement is furnished and shall not be deemed as filed for purposes of Section 18 of the Securities Act of 1934, as amended, and is not deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

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 2008 annual meeting of shareholders.

Table of Contents

Equity Compensation Plan Information

The following table sets forth information about the Company s equity compensation plans as of January 31, 2008:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuances Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders	1,832,686(1)	$ 5.89	1,316,600(2)
Equity Compensation Plans Not Approved by Security Holders			
Total	1,832,686(1)	$ 5.89	1,316,600(2)

(1) Includes 761,761 shares issuable upon exercise of outstanding options granted under the Company s incentive stock option plans, 1,020,300 shares issuable upon exercise of outstanding options granted under the Company s non-qualified stock option plans under which options may be granted to officers and key employees, 35,625 shares issuable upon exercise of outstanding stock options granted under the Astro-Med, Inc. Non-Employee Director Stock Option Plan, 15,000 shares issuable upon exercise of outstanding options granted under the Company s 2007 Equity Incentive Plan.

(2) Includes 985,000 shares under the Astro-Med, Inc. 2007 Equity Incentive Plan and 331,600 shares under the Astro-Med, Inc. 1998 Non-Qualified Stock Option Plan.

Additional information regarding these equity compensation plans is contained in Note 7 to the Company s Consolidated Financial Statements included in Item 15 hereto.

Item 13. ***Certain Relationships, Related Transactions and Director Independence.***

The response to this item is incorporated by reference to the Company s definitive proxy statement for the 2008 annual meeting of shareholders.

Item 14. ***Principal Accountant Fees And Services***

The information required by this item is incorporated herein by reference to the Company s definitive proxy statement for the 2008 annual meeting of shareholders.

PART IV

Item 15. ***Exhibits and Financial Statement Schedule***

(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 Schedule:*

Schedule II Valuation and Qualifying Accounts and Reserves Years Ended January 31, 2008, 2007 and 2006

24

Table of Contents

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 as amended to date.
(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. *
(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. *
(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. *
(10.4)	Astro-Med, Inc. Non-Employee Director Stock Plan filed as Exhibit 4.3 to Registration Statement on Form S-8, Registration No. 333-24123, and incorporated by reference herein. *
(10.5)	Astro-Med, Inc. 1997 Incentive Stock Option Plan, as amended, filed as Exhibit 4.3 to Registration Statements on Form S-8, Registration Nos. 333-32315, 333-93565 and 333-44414, and incorporated by reference herein. *
(10.6)	Astro-Med, Inc. 1998 Non-Qualified Stock Option Plan, as amended, filed as Exhibit 4.3 to Registration Statement on Form S-8, Registration Nos. 333-62431 and 333-63526, and incorporated by reference herein. *
(10.7)	Astro-Med, Inc. 2007 Equity Incentive Plan as filed as Appendix A to the Definitive Proxy Statement filed on Schedule 14A for the 2007 annual shareholders meeting. *
(10.8)	Astro-Med, Inc. Management Bonus Plan (Group III) filed as Exhibit 10.8 to the Company s Annual Report on Form 10-K for the year ended January 31, 2003 and by this reference incorporated herein. *
(21)	List of Subsidiaries of the Company.
(23.1)	Consent of Grant Thornton LLP
(31.1)	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).
(31.2)	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).
(32.1)	Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32.2)	Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contract or compensatory plan or arrangement.

Table of Contents

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)

Date: April 16, 2008 By: /s/ ALBERT W. ONDIS
(Albert W. Ondis, Chairman)

Each person whose signature appears below constitutes and appoints each of Albert W. Ondis, Everett V. Pizzuti or Joseph P. O Connell, or any of them, each acting alone, his true and lawful attorneys-in-fact and agents, with full power of substitution and resolution, for such person and in his name, place and stead, in any and all capacities in connection with the annual report on Form 10-K of Astro-Med, Inc. for the year ended January 31, 2008 to sign any and all amendments to the Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, the Securities and exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute, may lawfully do or cause to be done by virtue hereof.

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.

Name	Title	Date
/s/ ALBERT W. ONDIS Albert W. Ondis	Chairman and Director (Principal Executive Officer)	April 16, 2008
/s/ EVERETT V. PIZZUTI Everett V. Pizzuti	President and Director (Principal Operating Officer)	April 16, 2008
/s/ JOSEPH P. O CONNELL Joseph P. O Connell	Senior Vice President and Treasurer (Principal Financial Officer)	April 16, 2008
/s/ JOHN D. MCGUINNESS John D. McGuinness	Vice President and Corporate Controller (Principal Accounting Officer)	April 16, 2008
/s/ JACQUES V. HOPKINS Jacques V. Hopkins	Director	April 16, 2008
/s/ HERMANN VIETS Hermann Viets	Director	April 16, 2008
/s/ GRAEME MACLETCHIE Graeme MacLetchie	Director	April 16, 2008

26

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of

Astro-Med, Inc.

We have audited the accompanying consolidated balance sheets of Astro-Med, Inc. and subsidiaries (the Company) as of January 31, 2008 and 2007, and the related consolidated statements of operations, comprehensive income and changes in shareholders equity, and cash flows for each of the three years in the period ended January 31, 2008. Our audits of the basic financial statements include the financial statement schedule listed in the index appearing under Item 15(a)(2). These financial statements and the financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Astro-Med, Inc. and subsidiaries as of January 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 5 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payment effective February 1, 2006. As discussed in Note 8 to the consolidated financial statements, on February 1, 2007, the Company adopted Interpretation 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement 109 issued by the Financial Accounting Standards Board.

/s/ Grant Thornton LLP

Boston, Massachusetts

April 15, 2008

Table of Contents

ASTRO-MED, INC.

CONSOLIDATED BALANCE SHEETS

As of January 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,747,937	$ 4,595,570
Securities Available for Sale	11,807,670	12,334,065
Accounts Receivable, net of reserves of $591,018 in 2008 and $588,508 in 2007	12,761,281	12,112,676
Inventories	14,050,619	11,394,763
Prepaid Expenses and Other Current Assets	1,103,818	841,528
Deferred Tax Assets, net	2,912,688	2,889,438
Total Current Assets	48,384,013	44,168,040
PROPERTY, PLANT AND EQUIPMENT		
Land and Improvements	1,195,063	819,113
Buildings and Improvements	11,293,995	7,753,454
Machinery and Equipment	19,891,478	20,741,350
	32,380,536	29,313,917
Less Accumulated Depreciation	(21,647,701)	(21,349,666)
Total Property, Plant and Equipment, net	10,732,835	7,964,251
OTHER ASSETS		
Amounts Due from Officers		27,050
Long Term Investments		3,200,000
Goodwill	2,336,721	2,336,721
Other	245,843	304,918
Total Other Assets	2,582,564	5,868,689
	$ 61,699,412	$ 58,000,980
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 3,420,015	$ 3,559,518
Accrued Compensation	2,412,647	2,475,219
Accrued Expenses	2,264,055	2,626,019
Deferred Revenue	768,863	805,352
Income Taxes Payable	107,674	408,114
Total Current Liabilities	8,973,254	9,874,222
Deferred Tax Liabilities	1,766,517	2,168,416
Other Long Term Liabilities	1,604,718	
TOTAL LIABILITIES	12,344,489	12,042,638
SHAREHOLDERS EQUITY		

Preferred Stock, $10 Par Value, Authorized 100,000 Shares, None Issued		
Common Stock, $0.05 Par Value, Authorized 13,000,000 Shares; Issued 8,053,281 Shares in 2008 and 7,905,319 Shares in 2007	402,668	395,270
Additional Paid-in Capital	32,363,277	30,638,755
Retained Earnings	24,064,440	22,282,495
Treasury Stock, at Cost, 1,179,406 Shares in 2008 and 1,124,106 Shares in 2007	(8,124,715)	(7,644,647)
Accumulated Other Comprehensive Income	649,253	286,469
Total Shareholders Equity	49,354,923	45,958,342
	$ 61,699,412	$ 58,000,980

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

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended January 31, 2008, 2007 and 2006

	2008	2007	2006
Net Sales	$ 72,371,434	$ 65,519,261	$ 59,301,180
Cost of Sales	41,260,692	38,521,689	34,643,046
Gross Profit	31,110,742	26,997,572	24,658,134
Costs and Expenses:			
Selling, General and Administrative	21,807,637	19,320,838	17,460,141
Research and Development	4,589,022	4,187,018	4,042,710
Restructuring and Impairment Charges	514,955		
Operating Expenses	26,911,614	23,507,856	21,502,851
Gain on Sale of Real Estate, Net of Related Costs		5,251,707	
Operating Income	4,199,128	8,741,423	3,155,283
Other Income (Expense):			
Investment Income	610,574	648,855	337,094
Other, Net	244,164	234,839	(90,163)
	854,738	883,694	246,931
Income before Income Taxes	5,053,866	9,625,117	3,402,214
Income Tax Provision	744,028	3,566,152	851,629
Net Income	$ 4,309,838	$ 6,058,965	$ 2,550,585
Net Income Per Common Share Basic	$ 0.63	$ 0.90	$ 0.39
Net Income Per Common Share Diluted	$ 0.57	$ 0.82	$ 0.35
Weighted Average Number of Common Shares Outstanding Basic	6,884,972	6,721,140	6,613,576
Dilutive effect of options outstanding	647,277	667,861	619,245
Weighted Average Number of Common Shares Outstanding Diluted	7,532,249	7,389,001	7,232,821
Dividends Declared Per Common Share	$ 0.20	$ 0.20	$ 0.13

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

Table of Contents

ASTRO-MED, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CHANGES IN

SHAREHOLDERS EQUITY

Years Ended January 31, 2008, 2007 and 2006

	2008	2007	2006
Comprehensive Income			
Net Income	$ 4,309,838	$ 6,058,965	$ 2,550,585
Other Comprehensive Income (Loss), Net			
Foreign currency translation adjustments	285,115	131,781	(143,691)
Unrealized gain on securities available for sale, net of taxes	77,669	7,027	22,656
Other comprehensive income (loss), net	362,784	138,808	(121,035)
Comprehensive Income	$ 4,672,622	$ 6,197,773	$ 2,429,550
Shareholders Equity			
Common Stock:			
Balance at beginning of year	$ 395,270	$ 317,120	$ 314,949
Par value from issuance of common stock	7,398	11,059	2,171
Common stock dividends		67,091	
Balance at end of year	402,668	395,270	317,120