

Astro-Med's mission is to build shareholder value by applying our proprietary digital technology and shared manufacturing and administrative resources to serve the growing packaging, neurological and test & measurement markets with industry-leading capital products that produce on-going consumable revenues. 

Astro-Med,[®] Inc

A N N U A L R E P O R T
Y E A R E N D E D J A N U A R Y 3 1 , 2 0 0 6

CORPORATE PROFILE

Astro-Med® Inc. is a leading manufacturer of specialty instrumentation systems and consumables. The Company's wide range of advanced products marketed under worldwide brand names including Astro-Med, QuickLabel® Systems and Grass-Telefactor® are based on a common underlying proprietary technology.

Astro-Med's product diversity and versatility are reflected in the Company's broad range of global customers including Fortune 500 companies as well as hospitals and smaller firms engaged in aerospace, electronics, food and beverages, transportation, automotive, energy, health care, metals, paper, pharmaceuticals, and education.

Astro-Med's digital products are widely used for demanding aerospace and industrial applications, for product identification applications in consumer and industrial markets, and for clinical and research purposes in the field of life sciences.

Astro-Med is a system certified ISO-9001 Company that focuses on product innovation, total quality and customer satisfaction.



Toughwriter 4



Wireless AURA PSG



Vivo! with QuickLabel media

TO OUR SHAREHOLDERS

The Fiscal Year which ended January 31, 2006 (FY 2006) was a year of major positive events which will stimulate the growth of Astro-Med for many years. This report chronicles some of the important achievements of the year which will favorably impact the new year and future years.

During FY 2006 Astro-Med extended its participation with Airbus in the development and ultimate deployment of the giant new Airbus airplane, the A-380, by inking a contract with Airbus to develop and furnish a quantity of airborne digital data recording systems which will be used during the flight test phase of the development of the aircraft. The Company also entered into a contract with Panasonic, to furnish ruggedized airborne page printers, the Toughwriter 4, for permanent installation in the cabin of the A-380 when it enters service in October, 2006. Astro-Med had earlier entered into a contract with a sub-contractor to Airbus to furnish Toughwriter 4 page printers for permanent installation in the cockpit of the A-380.

During FY 2006 Astro-Med signed a contract with Honeywell International, a prime Boeing subcontractor, to furnish Toughwriter 4 page printers for permanent installation in the new Boeing 787 Dreamliner, a new airplane which will enter service in late 2007.

Astro-Med, therefore, is the sole supplier of ruggedized airborne page printers for both major new airplanes which will dominate the skies for the next 20 – 25 years. And, we believe we will receive new contracts in FY 2007 for ruggedized page printers and other ruggedized products for installation in new civilian and military applications which are still on the drawing boards.

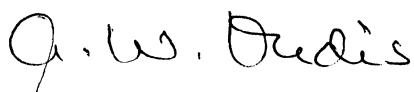
During FY 2006 we made great progress with Astro-Med neurology systems sold under the Grass brand, as the study of sleep apnea and sleep related maladies continues to gain momentum around the world. We received FDA clearance on, and soon will begin to ship, a major new product which targets the sleep market. We call this exciting product the Wireless Aura PSG, and it is a very compact advanced system which can be worn comfortably by persons undergoing a sleep study. The Wireless Aura PSG uses the latest technologies, including Blue Tooth, which free the person undergoing a sleep study from uncomfortable and annoying wires previously required to connect the patient to the computer.

We plan to apply these technologies to more new products which will target other neurology modalities such as EEG and Epilepsy Monitoring. These new technologies which emphasize small size and ultra reliability will pave the way toward a time when such studies will be done in the patient's home, thus extending health care to a greater percentage of the population.

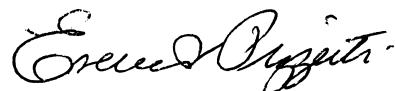
Late in FY 2006 we introduced a major new product to our suite of label printers which we sell under the QuickLabel Systems brand. That new product, the Vivo!, has elevated printing resolution, hence the visual quality of color labels, to new heights. We are continuing a deliberate roll-out of the Vivo! to our domestic market and will launch the product into our export markets later in the year.

Products sold under the QuickLabel Systems had another strong year in FY 2006 and we anticipate continued growth in the new year.

As will be seen from the pages which follow FY 2006 was a solid financial year, with increases in orders, sales and profits and a healthy balance sheet at year end. Additionally, we added important new products to the suite of products we offer and we believe they will contribute to the additional growth we expect to report in FY 2007.



Albert W. Ondis, Chairman and Chief Executive Officer



Everett V. Pizzuti, President and Chief Operating Officer

FINANCIAL HIGHLIGHTS

Years ended January 31,

	2006 (1)	2005 (2)	2004
NET SALES	\$59,301,000	\$55,975,000	\$55,781,000
GROSS PROFIT	\$24,658,000	\$23,046,000	\$22,989,000
GROSS PROFIT MARGIN (%)	41.6%	41.2%	41.2%
OPERATING INCOME	\$3,155,000	\$2,570,000	\$3,645,000
NET INCOME	\$2,551,000	\$2,710,000	\$3,217,000
EBITDA	\$4,274,000	\$3,580,000	\$4,831,000
NET INCOME PER SHARE (3)	\$0.44	\$0.47	\$0.60
AVERAGE NUMBER OF SHARES OUTSTANDING (4)	5,786,000	5,781,000	5,342,000
CASH FLOW FROM OPERATIONS	\$2,407,000	\$3,368,000	\$4,445,000
FREE CASH FLOW	\$523,000	\$1,396,000	\$3,019,000
CASH DIVIDENDS PER SHARE	\$0.16	\$0.16	\$0.16
BOOK VALUE PER COMMON SHARE (4)	\$7.58	\$7.28	\$6.50

(1) Fiscal 2006 includes a \$361,000 one-time non-cash tax benefit resulting from the favorable resolution of certain income tax examinations.

(2) Fiscal 2005 includes a \$939,000 one-time non-cash tax benefit related to the release of the valuation allowances on the deferred tax asset that was established in fiscal 2003.

(3) Assuming dilution.

(4) Based on the number of shares outstanding at each year end.

CORPORATE AND SHAREHOLDER INFORMATION

DIRECTORS

Albert W. Ondis, Chairman and Chief Executive Officer of Astro-Med, Inc.

Everett V. Pizzuti, President and Chief Operating Officer of Astro-Med, Inc.

Jacques V. Hopkins, ESQ, Retired Partner, Hinckley, Allen & Snyder LLP (Attorneys at Law)

Hermann Viets, Ph.D, President of the Milwaukee School of Engineering

Graeme MacLetchie, Director, Deutsche Bank Alex Brown (Private Client Division)

GENERAL COUNSEL

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Providence, Rhode Island 02903

INDEPENDENT ACCOUNTANTS

Grant Thornton LLP
Boston, MA 02114

TRANSFER AGENT AND REGISTRAR

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10 Commerce Drive
Cranford, New Jersey 07016
(800) 368-5948

www.rtco.com

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10:00 a.m. on Tuesday, May 16, 2006 at the offices of the Company, located at 600 East Greenwich Avenue, West Warwick, Rhode Island.

CORPORATE HEADQUARTERS

600 East Greenwich Avenue
West Warwick, Rhode Island 02893 USA
(401) 828-4000

COMMON STOCK

Astro-Med, Inc.'s common stock is listed on the Nasdaq Stock Market.

Ticker Symbol: ALOT

The closing price on April 18, 2006 was \$11.29.

DIVIDENDS

Astro-Med, Inc.'s quarterly dividends on common stock are paid on or about the fourth day of January, April, July and October. The Company has paid 58 consecutive quarterly dividends.

INVESTOR INQUIRIES

Securities analysts, portfolio managers and other interested investors seeking information about the Company may visit our website at:

www.Astro-MedInc.com or send inquiries to:
InvestorRelations@astromed.com.

PRODUCT INFORMATION

For information about Astro-Med products and services, please call us at (800) 343-4039 (toll-free US & Canada) or +44 (401) 828-4000 or visit our product group websites:

www.Astro-Med.com

www.GrassInstruments.com

www.QuickLabel.com

Astro-Med, Inc. is System Certified to ISO-9001.



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www.Astro-MedInc.com

WORLDWIDE OFFICES

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