SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-QSB

(Mark One)

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

For the fiscal quarter ended September 30, 1995

[ ] 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 0-7087

ASTRONICS CORPORATION

____

(Exact Name of Registrant as Specified in Its Charter)

New York 16-0959303

____

(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

1801 Elmwood Avenue, Buffalo, New York 14207

____

(Address of Principal Executive Office) (Zip Code)

716-447-9013

____

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(g) of the Act:

$.01 par value Common Stock, $.01 par value Class B Stock

____

(Title of Class)

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 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 [ ]

As of September 30, 1995, 2,998,227 shares of $.01 par value common stock and 830,211 shares of $.01 par value Class B common stock were outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ASTRONICS CORPORATION

Consolidated Balance Sheet
September 30, 1995
With Comparative Figures for December 31, 1994

ASSETS

(Dollars in Thousands)

	September 30, 1995 (Unaudited)	December 31, 1994
Current Assets:		
Cash	$ 295	$ 3,520
Accounts receivable	2,788	2,950
Inventories:		
Finished goods	1,876	1,556
Work in process	553	815
Raw material	1,942	1,814
Prepaid expenses	1,612	659
Total current assets	9,066	11,314
Property, Plant and Equipment	26,487	25,228
Less accumulated depreciation and amortization	14,438	14,051
Net property, plant and equipment	12,049	11,177
Other Assets	1,151	1,296
	$22,266	$23,787

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Balance Sheet
September 30, 1995
With Comparative Figures for December 31, 1994

LIABILITIES AND SHAREHOLDERS' EQUITY

(Dollars in Thousands)

	September 30, 1995 (Unaudited)	December 31, 1994
Current Liabilities:		
Current maturities of long-term debt	$ 2,239	$ 2,230
Accounts payable	1,695	1,599
Accrued expenses	1,165	1,208
Income taxes	(14)	242
Total current liabilities	5,085	5,279
Long-Term Debt	3,394	4,771

	1995	1994
Long-Term Obligation under Capital Leases	1,926	2,228
Deferred Income Taxes	897	1,175
Shareholders' Equity:		
Common stock, $.01 par value Authorized 10,000,000 shares, issued 3,258,248 in 1995, 3,232,157 in 1994	33	32
Class B common stock, $.01 par value Authorized 5,000,000 shares, issued 830,211 in 1995, 850,102 in 1994	8	9
Additional paid-in capital	2,001	2,068
Retained earnings	9,602	8,687
Treasury stock, at cost	(680)	(462)
Total shareholders' equity	10,964	10,334
	$ 22,266	$ 23,787

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Statement of Income and Retained Earnings
Period Ended September 30, 1995
With Comparative Figures for 1994

(Dollars in Thousands)
(Unaudited)

	NINE MONTHS		THREE MONTHS	
	1995	1994	1995	1994
Net Sales	$ 19,716	$ 17,502	$ 6,266	$ 6,137
Costs and Expenses:				
Cost of products sold	13,791	12,539	4,376	4,129
Selling, general and administrative expenses	4,073	3,929	1,045	1,303
Interest expenses, net of interest earned of $97 in 1995 and $99 in 1994	319	411	105	127
Gain on sale of equipment	--	(323)	--	(22)
Total costs and expenses	18,183	16,556	5,526	5,537
Income before provision for taxes on income	1,533	946	740	600
Provision for taxes on income	618	368	273	187
Net Income	$ 915	$ 578	$ 467	$ 413
Retained Earnings:				
January 1	8,687	7,381		

September 30	$ 9,602	$ 7,959		
	========	========		
	$ .24	$ .14	$ .12	$ .10
	======	======	======	======

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Statement of Cash Flows
Nine Months Ended September 30, 1995
With Comparative Figures for 1994

(Dollars in Thousands)
(Unaudited)

	1995	1994
Cash Flows from Operating Activities		
Net income	$ 915	$ 578
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,986	1,841
Provision for doubtful accounts	229	159
Provision for deferred taxes	(278)	(71)
Cash flows from changes in operating assets and liabilities:		
Accounts receivable	(67)	(167)
Inventories	(186)	479
Prepaid expenses	(953)	(446)
Accounts payable	96	270
Accrued expenses	(43)	(243)
Income taxes payable	(256)	15
Net Cash provided by Operating Activities	$ 1,443	$ 2,415
Cash Flows from Investing Activities		
Proceeds from sale of assets	10	245
Change in other assets	(19)	(25)
Capital expenditures	(2,705)	(1,176)
Net Cash used by Investing Activities	$ (2,714)	$ (956)
Cash Flows from Financing Activities		
Principal payments on long-term debt and capital lease obligations	(1,670)	(1,430)
Proceeds from issuance of stock	160	--
Purchase of Treasury Stock	(444)	(366)
Net Cash used by Financing Activities	$ (1,954)	$ (1,796)
Net increase in cash and cash equivalents	(3,225)	(337)
Cash and Cash Equivalents, January 1	3,520	3,496
Cash and Cash Equivalents, September 30	$ 295	$ 3,159
	=========	========
Disclosure of cash payments for:		
Interest	$ 426	$ 524

Income taxes	1,144	429

See notes to financial statements.

ASTRONICS CORPORATION

Notes to Financial Statements
September 30, 1995

1) The interim financial statements are unaudited, but, in the opinion of management, reflect all adjustments necessary for a fair presentation of results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's annual report for the year ended December 31, 1994.

ASTRONICS CORPORATION

Item 2. Management's Discussion and Analysis of the Financial Condition and Results of Operations

The following table sets forth as a percent of net sales certain items reflected in the financial data and the percentage increase (decrease) of such items as compared to the prior period.

	Percent of Net Sales		Period-to-Period
	Nine months ended September 30		Increase (Decrease)
	1995	1994	1994-1995
Net Sales:			
Electronic Systems	41.3%	37.7%	23.4%
Customized Printing and Packaging	58.7	62.3	6.1%
	100.0%	100.0%	12.7%
Cost of products sold	69.9	71.6	10.0%
Selling, general and administrative expenses	20.7	22.5	3.7%
Interest expense, net	1.6	2.3	(22.4%)
Gain on sale of equipment	--	(1.8)	--
	92.2%	94.6%	9.8%
Income before provision for income taxes	7.8%	5.4%	62.1%
Provision for taxes	3.1	2.1	67.9%
Net Income	4.7%	3.3%	58.3%

SALES Sales for the first nine months of 1995 increased 12.7 percent compared to a decrease of 1.3 percent in 1994, and an increase of 5.4 percent in 1993. Sales were $19,716,000, $17,502,000, and $17,734,000 for the nine month period in 1995, 1994, and 1993, respectively. The trailing twelve months sales are up 14.5 percent, compared to a decline in sales of 3.8 for the prior twelve months.

Sales in the Electronic Systems segment increased in 1995 by 23.4 percent, compared to a decrease of 7.9 percent in 1994, and an increase of 18.5 percent in 1993. The growth of sales in 1995 is from increased shipments to the defense aerospace industry and to the international market for runflats. In 1994, sales decreased as shipments were slow to the defense aerospace industry. Sales in the Third Quarter were flat. The net sales increase from 1993 to 1995 is 13.7 percent.

Sales in the Customized Printing and Packaging segment increased in 1995 by 6.1 percent, compared to 3.1 percent in 1994, and a decrease of 1.9 percent in 1993. The growth of sales in the Customized Printing and Packaging segment is from increased business in the stock box, imprinting and invitation area. This segment has experienced heavy pressure from competitive pricing resulting in lower revenue per unit. Sales in the Third Quarter were slightly ahead of 1994. The net sales increase from 1993 to 1995 is 9.5 percent.

EXPENSES Cost of products sold increased 10.0 percent in

1995, 2.7 percent in 1994, and 2.9 percent in 1993. In 1995 and 1993, sales increased by a larger percent than costs, while in 1994 costs increased while sales decreased. Raw material costs are increasing in several areas; for example, purchases of board, corrugated, and plastics. The Company is unable to pass on the full affect of these increases as pricing adjustments in many cases. To offset these increased costs, the Company has made investments in technology, processes, and equipment, which have reduced costs. These include investments in new equipment with expanded technology, improved processes, and productivity improvements. Also, in 1994, the company relocated the Massachusetts portion of the Electronic Systems segment and combined it with the East Aurora, NY, operations.

Raw material costs, as a percent of sales were 25.0 percent, 27.2 percent, and 25.8 percent in 1995, 1994, and 1993, respectively. These costs are affected by product mix changes, changes in inventory levels, and manufacturing efficiency. Overall, the increased benefits from investments in technology, processes and equipment have reduced material usage through lower scrap rates. Employee costs, as a percent of sales, were 23.4 percent, 23.9 percent, and 25.8 percent in 1995, 1994, and 1993, respectively. This area is also affected by product mix. The benefits of the investments referred to above also have reduced employee costs. The cost side of these investments is reflected in increasing

depreciation costs, which as a percent of sales, were 8.7 percent, 7.7 percent, and 6.8 percent in 1995, 1994, and 1993, respectively. Manufacturing supplies have increased by 54.5 percent this year reflecting the new dies, plates, and support items used in improving the processes. Other cost areas have not experienced dramatic changes.

Combined selling, general and administrative costs were 20.7 percent, 22.5 percent, and 19.0 percent of sales in 1995, 1994, and 1993, respectively. The largest portion of these is employee costs which were 11.3 percent, 11.3 percent and 10.1 percent in 1995, 1994, and 1993, respectively. In 1995, the Company recorded a provision for doubtful accounts of $253,000, or 1.3 percent of sales, compared to $182,000, or 1.0 percent in 1994, and $101,000, or .6 percent of sales in 1993. The Company automatically reserves all accounts over 180 days and those accounts, which in the opinion of management, have unique credit situations. All other areas of expenses are stable.

Interest costs, net, were $319,000, or 1.6 percent of sales in 1995, $411,000, or 2.4 percent in 1994, and $610,000, or 3.4 percent in 1993. The Company refinanced its subordinated debentures on April 30, 1993, at a fixed cost of 6.96 percent over five years. The subordinated debentures carried a 10.25 percent rate. This, combined with normal reductions in indebtedness and the earnings on the temporary investment of excess funds, accounts for lower net interest costs.

In 1994, the Company was able to sell equipment that was no longer necessary as a result of the 1993 and 1994 capital expenditure programs. The net gain from the sale of this equipment was $323,000. The largest piece of equipment was a five color printing press.

The combined effect of the above items resulted in income before taxes, of $1,533,000, or 7.8 percent of sales in 1995, $946,000, or 5.4 percent of sales in 1994, and $1,544,000, or 8.7 percent of sales in 1993.

TAXES The provision for taxes for 1995 is $618,000 or 3.1 percent of sales, compared to $368,000, or 2.1 percent in 1994, and $701,000, or 4.0 percent of sales, in 1993.

EXTRAORDINARY ITEM In April 1993, the Company refinanced its 10.25 percent, September 1, 1996, subordinated debentures through a five-year unsecured loan at 6.96 percent. The Company paid a one percent premium on the bonds redeemed and wrote-off the balance of the deferred financing costs incurred with the original issuance of the 10.25 percent debentures. These costs, net of taxes, were $307,000, or $.08 per share, and are identified as an extraordinary charge in 1993.

NET INCOME Net income is $915,000, or $.24 per share in 1995, $578,000, or $.14 per share in 1994, and $536,000, or $.13 per share in 1993.

LIQUIDITY The Company's cash has decreased in 1995 by $3,225,000 compared to $337,000 in 1994. During the first nine months of 1995, the Company invested $2,705,000 in capital expenditures compared to $1,176,000 in the same period of 1994. The Company anticipates capital expenditures of approximately $6,000,000 for the year. Also, it had $1,500,000 deposited on equipment to be delivered in the Fourth Quarter, compared to $460,000 at this time in 1994. The Company has reduced its indebtedness by $1,670,000 and $1,430,000 in 1995 and 1994, respectively. The Company also purchased 155,000 shares of Treasury Stock for $432,000, compared to 179,000 shares at a cost of $448,000 in 1994.

The Company has a $5,000,000 line of credit available for additional working capital needs. The Company feels that its cash flow from internal operations and the line of credit are adequate to meet the Company's operational and investment plans for 1995 and 1996. The Company will borrow on its line of credit in early November, 1995. This will increase interest expense both from the additional outstanding amount of indebtedness and from the reduction of available cash for temporary investment.

BACKLOG The Company's backlog at the end of the Third Quarter was $6,400,000, down from $6,700,000 at December 31, 1994. It was $6,900,000, at this time in 1994, compared to $7,600,000 in 1993. The September 30, 1995, backlog is $4,000,000 in the Electronic Systems segment and $2,400,000 in the Customized Printing and Packaging segment.

COMMITMENTS The Company plans to make capital investments of approximately $6,000,000 for investments in technology, processes and equipment in 1995. The Company is planning on making approximately $6,000,000 in capital investments in 1996. During the Fourth Quarter, they may make deposits on equipment to be delivered in 1996. The Company has authorized the repurchase of an additional 250,000 shares of its common stock at various times when the market conditions warrant.

The Company has commitments for items that it purchases in the normal on-going affairs of the business. The Company is not aware of any obligations in excess of normal market conditions, nor of any long-term commitments that would affect its financial condition.

OUTLOOK Sales have increased at a 12.7 percent rate during the first nine months of 1995. Business activity has increased during the third quarter which should provide double digit growth for the year. Earnings for the same period are up 58.3 percent compared to net income for the same period of 1994, which was affected by the one-time transition costs of combining the Massachusetts and New York defense electronics aerospace operations in East Aurora, NY. While the Company believes earnings will continue to grow, they should more closely reflect the sales growth.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Securities Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: November 15, 1995

ASTRONICS CORPORATION

____

By John M. Yessa

(Signature)

John M. Yessa
Vice President-Finance and
Treasurer

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