SECURITIES AND EXCHANGE COMMISSION

Washington, DC

FORM 10-Q

(Mark One)

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

For the fiscal quarter ended June 30, 2001

[ ] 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 June 30, 2001, total shares of $.01 par value common stock outstanding were 6,483,614 including 969,106 shares of Class B common stock.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ASTRONICS CORPORATION
Consolidated Balance Sheet
March 31, 2001
With Comparative Figures for December 31, 2000

	(Dollars in Thousands) June 30, 2001 (Unaudited)	December 31, 2000
Current Assets:		
Cash	$ 2,236	$ 45
Accounts receivable	13,071	12,837

Inventories	11,330	10,521
Prepaid expenses	83	512
	----------	----------
Total current assets	26,720	23,915
Property, Plant and Equipment, at cost	58,823	57,447
Less accumulated depreciation and amortization	23,202	21,231
	----------	----------
Net property, plant and equipment	35,621	36,216
Unexpended Industrial Revenue Bond Proceeds	633	1,701
Other Assets	5,202	5,188
	----------	----------
	$ 68,176	$ 67,020
	==========	==========
Current Liabilities:		
Current maturities of long-term debt	$ 1,164	$ 1,276
Accounts payable	5,484	5,583
Accrued expenses	2,642	2,908
Income taxes	244	427
	----------	----------
Total current liabilities	9,534	10,194
Long-term debt	16,457	17,746
Other Liabilities	5,035	4,890
Shareholders' Equity:		
Common stock, $.01 par value Authorized 10,000,000 shares, issued 5,803,968 in 2001, 5,434,403 in 2000	58	54
Class B common stock, $.01 par value Authorized 5,000,000 shares, issued 997,905 in 2001, 1,190,753 in 2000	10	12
Additional paid-in capital	3,307	3,100
Accumulated other comprehensive income (loss)	73	7
Retained earnings	34,494	31,809
	----------	----------
	37,942	34,982
Less shares in Treasury, at cost	792	792
	----------	----------
Total shareholders' equity	37,150	34,190
	$ 68,176	$ 67,020
	==========	==========

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Statement of Income and Retained Earnings
Period Ended June 30, 2001
With Comparative Figures for 2000

(Dollars in Thousands)
(Unaudited)

	SIX MONTHS		THREE MONTHS	
	2001	2000	2001	2000
Sales	$42,940	$31,806	$22,584	$16,359
Less: Freight Charges	1,073	555	640	258
Net Sales	41,867	31,251	21,944	16,101
Costs and Expenses:				
Cost of products sold	32,013	23,665	16,758	12,041
Selling, general and administrative expenses	5,290	4,260	2,617	2,171
Interest expenses, net of interest income of $94 in 2001 and $91 in 2000	327	249	171	181

Total costs and expenses	37,630	28,174	19,546	14,393
Income before taxes	4,237	3,077	2,398	1,708
Provision for income taxes	1,552	951	919	590
Net Income	2,685	2,126	1,479	1,118
Retained Earnings:				
January 1	31,809	25,727		
June 30	34,494	27,853		
Earnings per share:				
Basic	$ .42	$ .34	$ .23	$ .18
Diluted	$ .40	$ .32	$ .22	$ .17

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Statement of Cash Flows

Six Months Ended June 30, 2001

With Comparative Figures for 2000

(Dollars in Thousands)

(Unaudited)

	2001	2000
Cash Flows from Operating Activities:		
Net income	$ 2,685	$ 2,126
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,171	1,962
Other	108	218
Cash flows from changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	(234)	(1,213)
Inventories	(809)	(951)
Prepaid expenses	429	(106)
Accounts payable	(99)	(2,344)
Accrued expenses	(449)	(693)
Net Cash provided by Operating Activities	$ 3,802	$(1,001)
Cash Flows from Investing Activities:		
Change in other assets	(128)	(593)
Capital expenditures	(1,355)	(2,704)
Net payment for businesses acquired	--	(3,616)
Net Cash provided (used) by Investing Activities	$(1,483)	$(6,913)
Cash Flows from Financing Activities:		
New long-term debt	150	6,200
Principal payments on long-term debt and capital lease obligations	(1,555)	(252)
Unexpended industrial revenue bond proceeds	1,068	1,415
Proceeds from issuance of stock	209	19
Net Cash provided by Financing Activities	$ (128)	$ 7,382
Net increase (decrease) in Cash and Cash Equivalents	2,191	(532)
Cash and Cash Equivalents at Beginning of Year	45	1,153
Cash and Cash Equivalents at June 30	$ 2,236	$ 621

Disclosure of cash payments for:

Interest	447	313
Income taxes	1,255	905

See notes to financial statements.

ASTRONICS CORPORATION

Notes to Financial Statements

June 30, 2001

1) The accompanying unaudited statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. Operating results for the six-month period ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

The balance sheet at December 31, 2000 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the financial statements and footnotes thereto included in the Company's 2000 annual report.

2) Inventories are stated at the lower of cost or market, cost being determined in accordance with the first-in, first-out method. Inventories are as follows:

(in thousands)	June 30, 2001 (Unaudited)	December 31, 2000
Finished Goods	$ 2,445	$ 2,740
Work in Progress	2,436	1,564
Raw Material	6,449	6,217
	$11,330	$10,521

3) The Company operates in two business segments: The Aerospace-Electronics segment concentrates on the design and manufacture of specialized lighting and control systems for aircraft. These systems typically encompass the electrical circuitry, lighting and control fixtures as well as the light elements. System components include power supplies, battery-based backup systems, dimmers, keyboards, control panels and specialized lighting fixtures. The systems are typically used in aircraft cockpits (avionics systems), cabins (escape path systems), and exteriors (position lighting systems). Customers include well-known aircraft manufacturers, operators and avionics companies. The Aerospace-Electronics segment also manufactures electroluminescent lamps used primarily to backlight liquid crystal displays in a wide array of consumer electronics applications, including watches, pagers, cell phones and personal digital assistants.

Astronics' Printing-Packaging segment is a leading North American manufacturer of stock folding cartons for small to medium size confectionary store operators. Custom folding cartons are also manufactured for a wide range of industrial and consumer products companies. This segment also custom prints invitations, napkins and accessories for all social and business events. Printed office products include business cards, post cards and presentation folders. The Company is a dominant provider of custom folding boxes in chosen markets.

(in thousands)	Three Months Ended June 30, 2001		Three Months Ended July 1, 2000	
	Aerospace-Electronics	Printing-Packaging	Aerospace-Electronics	Printing-Packaging

Net sales to external customers	$15,060	$ 6,884	$10,536	$ 5,567
Income before taxes	2,095	293	1,203	481

(in thousands)	Six Months Ended June 30, 2001		Six Months Ended July 1, 2000	
	Aerospace-Electronics	Printing-Packaging	Aerospace-Electronics	Printing-Packaging
Net sales to external customers	$28,024	$13,843	$19,962	$11,289
Income before taxes	3,406	777	1,937	1,213
	June 30, 2001		December 31, 2000	
Segment assets	$37,213	$26,329	$38,653	$26,455

A reconciliation of combined income before taxes for the six-month period is as follows:

(in thousands)

	Six Months Ended June 30, 2001	Six Months Ended July 1, 2000
Income before taxes from segments	$4,183	$ 3,150
Corporate income (expenses), net	54	(73)
Income before taxes	$4,237	$ 3,077

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

The following table sets forth income statement data as a percent of net sales.

	Percent of Net Sales Six Months Ended June 30		Percent of Net Sales Three Months Ended June 30	
	2001	2000	2001	2000
Net Sales:				
Aerospace and Electronics	66.9%	63.9%	68.6%	65.4%
Printing and Packaging	33.1	36.1	31.4	34.6
	100.0%	100.0%	100.0%	100.0%
Cost of products sold	76.5	75.8	76.4	74.8
Selling, general and administrative expenses	12.6	13.6	11.9	13.5
Interest expenses, net	.8	.8	.8	1.1
	89.9%	90.2%	89.1%	89.4%
Income before provision for income taxes	10.1%	9.8%	10.9%	10.6%
Provision for taxes	3.7	3.0	4.2	3.7
Net Income	6.4%	6.8%	6.7%	6.9%

NET SALES

Net sales reached a new level for the Second Quarter and the first half of 2001. Net sales increased for the Quarter by 36% to $21,944,000 in 2001 compared to the Second Quarter 2000 in which net sales were $16,101,000. For the first half 2001, net sales were nearly $42,000,000, up $10,600,000, a 34% increase over the first half of 2000.

Aerospace-Electronics continues to lead the way posting $15,060,000 net sales for the 2001 Second Quarter, an increase of $4,524,000 from the 2000 Second Quarter, or 43%. For the first half of 2001, Aerospace-Electronics net sales increased $8,062,000 to $28,024,000. The increase in Aerospace-Electronics sales resulted in part from the F-16 program, which is in full production. In the first half of 2001, we shipped $11,600,000 in F-16 kits, including $6,500,000 in the Second Quarter. A year ago, we shipped $7,300,000 in the first half, with $3,900,000 of that occurring in the Second Quarter. The acquisition of our Montreal operation occurred in mid May of last year, thus only a month and a half of sales, or $385,000, from this operation was included in last year's Second Quarter as well as for the year-to-date sales. For 2001, Montreal posted sales of $1,913,000, with $954,000 of that for the Second Quarter. That leaves $2,234,000 of the net sales increase for the year-to-date comparisons contributed by other Aerospace-Electronics product lines - an 18% increase for these products.

Sales for the Printing-Packaging business increased $1,317,000, or 23.6%, for the quarter-over-quarter comparison of $6,884,000 compared to $5,567,000 in 2000. This accelerated the pace slightly from the First Quarter and brought the year-over-year increase to $2,554,000, or 22.6%.

EXPENSES AND MARGINS

Gross profit for the Second Quarter increased $1,126,000 to $5,186,000, a 27.7% increase. For the year-to-date comparison, the gross profit increased $2,268,000 to $9,854,000, a 29.9% increase. This increase was due to the increase in sales offset somewhat by a slight decrease in the gross profit margin. Gross profit margins decreased 1.6% for the Quarter and .7% for the year-to-date as a result of cost increases such as energy, freight cost, employee health care, and material cost that are very difficult to pass through to customers in the current economic environment. We have also made some expenditures for new programs and customer acquisitions that are a little heavier in the first half than we are anticipating in the second half.

Selling, general and administrative costs increased $446,000 to $2,617,000 for the 2001 Second Quarter, 20.5% over the 2000 Second Quarter. For the year-to-date comparison, selling, general and administrative costs increased $1,030,000 to $5,290,000, a 24.2% increase. These rates of increase are less than the rate of sales growth, thereby offsetting the lower gross margins so that the earnings before interest and taxes (EBIT), as a percent of sales, remained at 11.7% for the quarter-to-quarter comparison and improved somewhat for the year-to-date. The quarter-over-quarter increase in EBIT was $680,000 to $2,569,000, a 36.0% increase. For the year to date comparisons, EBIT increased $1,238,000 to $4,564,000, a 37.2% increase. The EBIT margin for the first half of 2001 was 10.9%, a slight improvement over the first half of 2000's EBIT margin of 10.6%. This means our EBIT margin improved in sequential quarters.

INTEREST

Interest expense continues to be modest, about three-quarters of one percent of sales for the Quarter and also for the year-to-date.

TAXES

The Company's effective tax rate for the 2001 Second Quarter and the first half was 38.3% and 36.6%, respectively. This compares to the effective rates in the Second Quarter and first half of 2000 of 34.5% and 33.7%, respectively. The 2000 periods were favorably affected by adjustments to estimated tax provisions.

LIQUIDITY

Cash provided by operating activities was $3,802,000 during the first half of 2001 as a result of net income plus depreciation and amortization offset by an increase in working capital components from year end levels to support the growth in sales.

The Company's capital expenditures of $1,355,000 were down by $1,349,000 from 2000 levels, reflecting the timing of facilities acquisitions. Financing activities in 2001 reflect scheduled debt repayments and reduction in the usage of the Company's revolving line of credit for operating and investment needs.

The Company has a $12,000,000 revolving line of credit, of which it had utilized $3,400,000 at June 30, 2001, compared to $4,133,000 at December 31, 2000. The Company believes that cash balances at June 30, 2001, cash flow from operations and availability on the revolving line of credit are adequate to meet the Company's operational and capital expenditure requirements for 2001.

Borrowings under the revolving line of credit are unsecured and bear interest at LIBOR plus 60 basis points. The line is available through June 30, 2004 at which time amounts outstanding may be converted into a four-year term loan. The revolving line of credit, among other requirements, imposes certain financial performance covenants with which the Company maintains compliance.

BACKLOG	The Companys backlog at June 30, 2001 was $42,000,000. The backlog is composed of $40,000,000 in the Aerospace-Electronics segment and $2,000,000 in the Printing-Packaging segment. Approximately $21,000,000 of the Aerospace-Electronics backlog is scheduled to ship over the balance of 2001. Virtually all of the Printing-Packaging backlog will ship in the next 90 days.
COMMITMENTS	At June 30, 2001, the Company had outstanding commitments for capital investments of approximately $3,500,000. 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 have a material adverse affect on its financial condition.
MARKET RISK	The Company's foreign operations do not result in significant currency risks because nearly all of the Company's consolidated net sales are denominated in U.S. dollars and net assets held in, or measured in, currencies other than the U.S. dollar are insignificant.
	Risks due to fluctuation in interest rates is a function of the Company's floating rate debt obligations which total approximately $17,500,000 at June 30, 2001. To offset this exposure, the Company entered into an interest rate swap on its New York Industrial Revenue Bond through 2005 which effectively fixes the interest rate at 4.09% on this $6,900,000 obligation. As a result, a change of 1% in interest rates would impact annual net income by less than $100,000.
NEW ACCOUNTING PRONOUNCEMENTS	In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill (and intangible assets deemed to have indefinite lives) will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.
	The Company will apply the new rules on accounting for goodwill and other intangible assets beginning in the First Quarter of 2002. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of $170,000 ($.03 per share) per year. During 2002, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of January 1, 2002 and has not yet determined what the effect of these tests will be on the earnings and financial position of the Company.

Item 3. Quantitive and Qualitative Disclosures About Market Risk

See Market Risk in Item 2, above.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

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.

Exhibit 11. Computation of Per Share Earnings.

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: August ___, 2001

ASTRONICS CORPORATION

____
(Signature)
C. Anthony Rider
Vice President-Finance and Treasurer
(Principal Financial Officer)

EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS

	(in thousands, except for per share data) Six Months Ended June 30	
	2001	2000
Net income	$2,685	$2,126
Basic earnings per share weighted average shares	6,411	6,253
Net effect of dilutive stock options	288	306
Diluted earnings per share weighted average shares	6,699	6,559
Basic earnings per share	$ .42	$ .34
Diluted earnings per share	$ .40	$ .32