

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

(Mark One)

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

For the fiscal quarter ended April 1, 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, Warrants

(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 No

As of April 1, 1995, 3,032,734 shares of \$.01 par value common stock and
842,608 shares of \$.01 par value Class B common stock were outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ASTRONICS CORPORATION

Consolidated Balance Sheet
April 1, 1995

With Comparative Figures for December 31, 1994

ASSETS

(Dollars in Thousands)
 April 1, 1995 December 31,
 (Unaudited) 1994

Current Assets:		
Cash	\$ 2,402	\$ 3,520
Accounts receivable	3,265	2,950
Inventories:		
Finished goods	1,633	1,556
Work in process	641	815
Raw material	1,703	1,814
Prepaid expenses	193	659
	-----	-----
Total current assets	9,837	11,314
Property, Plant and Equipment	25,389	25,228
Less accumulated depreciation and amortization	13,382	14,051
	-----	-----
Net property, plant and equipment	12,007	11,177
Other Assets	1,353	1,296
	-----	-----
	\$23,197	\$23,787
	=====	=====

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Balance Sheet April 1, 1995

With Comparative Figures for December 31, 1994

LIABILITIES AND SHAREHOLDERS' EQUITY

(Dollars in Thousands)
 April 1, 1995 December 31,
 (Unaudited) 1994

Current Liabilities:		
Current maturities of long-term debt	\$ 2,235	\$ 2,230
Accounts payable	1,706	1,599
Accrued expenses	835	1,208
Income taxes	408	242
	-----	-----
Total current liabilities	5,184	5,279
Long-Term Debt	4,312	4,771
Long-Term Obligation under Capital		

Leases	2,124	2,228
Deferred Income Taxes	1,020	1,175
Shareholders' Equity:		
Common stock, \$.01 par value Authorized 10,000,000 shares, issued 3,245,851 in 1995, 3,232,157 in 1994	33	32
Class B common stock, \$.01 par value Authorized 5,000,000 shares, issued 842,608 in 1995, 850,102 in 1994	8	9
Additional paid-in capital	2,077	2,068
Retained earnings	8,963	8,687
Less Treasury stock, at cost	(524)	(462)
	<u> </u>	<u> </u>
Total shareholders' equity	10,557	10,334
	<u>\$23,197</u>	<u>\$23,787</u>
	=====	=====

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Statement of Income and Retained Earnings Three Months Ended April 1, 1995 With Comparative Figures for 1994

(Dollars in Thousands)
(Unaudited)
1995 1994

Net Sales	\$ 7,226	\$ 6,108
Costs and Expenses:		
Cost of products sold	5,081	4,545
Selling, general and administrative expenses	1,518	1,345
Interest expenses, net of interest earned of \$39 in 1995 and \$25 in 1994	109	149
	<u> </u>	<u> </u>
Total costs and expenses	6,708	6,039
	<u> </u>	<u> </u>
Income before provision for taxes on income	518	69
Provision for taxes on income	242	33
	<u> </u>	<u> </u>
Net Income	276	36
Retained Earnings:		
January 1	8,687	7,381
	<u> </u>	<u> </u>
April 1	\$ 8,963	\$ 7,417
	=====	=====
Income per Common Share	\$.07	\$.01
	=====	=====

See notes to financial statements.

ASTRONICS CORPORATION

Consolidated Statement of Cash Flows
 Three Months Ended April 1, 1995
 With Comparative Figures for 1994

(Dollars in Thousands)
 (Unaudited)
 1995 1994

Cash Flows from Operating Activities

Net income	\$ 276	\$ 36
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	746	553
Provision for doubtful accounts	101	54
Provision for deferred taxes	(155)	52
Cash flows from changes in operating assets and liabilities:		
Accounts receivable	(416)	45
Inventories	208	335
Prepaid expenses	465	18
Accounts payable	107	(45)
Accrued expenses	(373)	(196)
Income taxes payable	166	(130)

Net Cash provided (used) by Operating
 Activities \$ 1,125 \$ 722

Cash Flows from Investing Activities

Proceeds from sale of assets	10	34
Change in other assets	(100)	(16)
Capital expenditures	(1,543)	(234)

Net Cash provided (used) by
 Investing Activities \$(1,633) \$ (216)

Cash Flows from Financing Activities

Principal payments on long-term debt and capital lease obligations	(557)	(401)
Proceeds from issuance of stock	9	--
Purchase of stock for Treasury	(62)	--

Net Cash provided (used) by
 Financing Activities \$ (610) \$ (401)

Net increase (decrease) in cash and cash equivalents	(1,118)	105
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Cash and Cash Equivalents at Beginning of Year	3,520	3,496
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Cash and Cash Equivalents at April 1	<u>\$ 2,402</u>	<u>\$ 3,601</u>
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Disclosure of cash payments for:

Interest	\$ 151	\$ 182
Income taxes	231	111

See notes to financial statements.

ASTRONICS CORPORATION

Notes to Financial Statements

April 1, 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
	Three months ended		Increase
	April 1	(Decrease)	
	1995	1994	1994-1995
Net Sales:			
Electronic Systems	41.4%	35.9%	36.4%
Customized Printing and Packaging	58.6	64.1	8.1%
	100.0%	100.0%	18.3%

Cost of products sold	70.3	74.4	11.8%
Selling, general and administrative expenses	21.0	22.1	12.9%
Interest expenses, net	1.5	2.4	(26.8%)
	<u>92.8%</u>	<u>98.9%</u>	11.1%
Income before provision for income taxes	7.2%	1.1%	650.8%
Provision for taxes	3.4	.5	633.4%
Net Income	<u>3.8%</u>	<u>.6%</u>	666.7%

SALES Sales increased in the First Quarter of 1995 by 18.3 percent to \$7,226,000, compared to the First Quarter of 1994. In the 1994 First Quarter, sales decreased by 7.5 percent to \$6,108,000 compared to \$6,604,000. The 1995 sales increase achieved in the First Quarter consisted of 36.4 percent in the Electronic Systems segment and 8.1 percent in the Customized Packaging and Printing segment. In the Electronics segment, sales increases, in dollar value, came about equally from the electroluminescent and keyboard manufacturing side and the thick walled elastomeric products. The first is related to increased activity in the aerospace and defense electronics products. The latter, to the increased business activity in the global marketplace. The Customized Printing and Packaging sales increased about equally between

folding carton sales to the confectionery industry and from specialty imprinting for the stationery, party and gift market. In 1994, the sales decrease came in the Electronics Systems segment and was related to the defense electronics and aerospace industry. Price increases have been nominal, but the pressure to reduce pricing has moderated.

BACKLOG The backlog for the Company decreased to \$6,000,000 compared to \$6,700,000 at December 31, 1994, and \$7,500,000 as of April 2, 1994. The April 1, 1995, backlog is composed of \$4,700,000 in the Electronic Systems segment and \$1,300,000 in the Customized Printing and Packaging segment. Part of the decrease in the backlog relates to the timing/release of orders and part is a reflection of the reduced cycle time from the receipt of an order to the completion and delivery of the order to the customer.

EXPENSES Cost of products sold decreased, as a percent of sales, from 74.4 percent in 1994 to 70.3 percent in 1995. This decrease reflects the 1994 one-time charges related to the transition and relocation of the Gloucester, MA, operation into the East Aurora, NY, manufacturing facility. The hard costs of the move were approximately \$400,000, or 6.5 percent of sales. These costs consisted of the following:

Buyout of a 5.75 year facility lease	\$150,000
Employee severance payments	\$150,000
Moving and travel costs	\$100,000

Overall, therefore, operating expenses increased in the quarter. The three areas of increase were manufacturing supplies, repairs and depreciation.

The Company is continuing to invest in technology and processes which require initial investments in support items, which are generally being treated as supplies. During the quarter, the Company elected to do additional preventive maintenance on several machines and facilities. This had a temporary effect of increasing repair costs. Depreciation expense increased in the quarter to 9.3 percent of sales compared to 7.2 percent in 1994, and 5.8 percent in 1993. This reflects the investment in technology and processes and the retirement of an obsolete price of machinery. Material usage costs, despite some increases in raw material costs, continued to decrease. In 1995, they were 26.7 percent, in 1994, they were 27.0 percent. In 1993, product mix differences reduced material usage to 25.0 percent. Employee costs also continue to decrease. In 1995, these costs are 23.1 percent of sales, compared to 24.2 percent in 1994, and 25.4 percent in 1993. The

remaining areas of costs were similar in 1995, 1994, and 1993. Total costs in this areas were \$5,801,000, or 70.3 percent of sales in 1995, compared to \$4,545,000, or 74.4 percent of sales in 1994, compared to \$4,376,000, or 66.3 percent in 1993.

Selling, general and administrative expenses increased 12.9 percent in 1995, compared to an increase of 8.5 percent in 1994. The 1995 increase compares to an increase in sales of 18.3 percent. The Company has a policy that it reserves all trade receivables over 180 days, or earlier if their are substantial questions. During this quarter, an increase in reserves of \$102,000 was recorded. While the Company makes every effort to collect all receivables, it believes it is prudent to adequately reserve accounts that are not collected in a reasonable timeframe. Because of timing, some normal advertising expenses experienced in the 1994 First Quarter will be incurred in the Second Quarter of 1995. Total selling, general and administrative expenses were \$1,518,000, or 21 percent of sales in 1995, compared to \$1,345,000, or 22.0 percent in 1994, and \$1,240,000, or 18.8 percent of sales in 1993.

INTEREST Interest costs, net, continues to decrease. This is the result of the refinancing of the subordinated debentures in 1993 and the steady reduction of indebtedness. During the last twelve months, the company has reduced indebtedness by over \$2,000,000. The earnings on temporary available cash was \$39,000 in 1995, \$25,000 in 1994, and \$26,000 in 1993. As a percent of sales, interest costs, net, were 1.5 percent in 1995, 2.4 percent in 1994 and 3.8 percent in 1993.

Combining all the costs areas, the Company experienced a 11.1 percent increase in costs, while sales were increasing 18.3 percent. This compares to an increase in costs in 1994 of 3.0 percent on a decline of sales of 7.5 percent. Income before taxes increased to \$518,000, or 7.2 percent compared to \$69,000, or 1.1 percent of sales in 1994, and \$739,000, or 11.2 percent of sales in 1993.

TAXES The effective tax rate for the First Quarter of 1995 was 46.7 percent, compared to 47.8 percent in 1994, and 40.2 percent in 1993. The tax provision

reflects the Federal income tax rate of 34.0 percent and various state income/franchise tax rates. Where there are minimum taxes required by law in various taxing jurisdictions, these are accrued in the First Quarter.

NET INCOME Net income was for the First Quarter was \$276,000, or \$.07 per share. In 1994, the Company earned \$36,000, or \$.01 per share compared to the First Quarter of 1993 record earnings of \$442,000, or \$.11 per share.

LIQUIDITY The Company's working capital decreased in the First Quarter of 1995 by \$1,382,000. This reflects the following items for which working capital was used:

Investment in technology and processes	\$1,543,000
Reduction of indebtedness	557,000
Acquisition of Treasury Stock	62,000
	<hr/>
	\$2,162,000

This compares to a increase of \$135,000 in 1994 and an increase of \$414,000 in 1993. The Company has a \$5,000,000 line of credit available for additional working capital needs, which the Company has not utilized in recent years. The Company feels that its beginning cash balance, the cash flow from internal operations and the line of credit are adequate to meet the Company's operational and investment plans for 1995.

COMMITMENTS The Company is continuing its commitment to technology and processes. As such, it has outstanding commitments at the end of the First Quarter of 1995 of approximately \$3,500,000. All of these commitments should be completed and operational by the end of the Fourth Quarter.

The Company also 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.

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.

At the annual meeting of shareholders held on April 28, 1995, the nominees to the Board of Directors were re-elected based on the following results:

Nominees	Votes Withholding	
	Votes For	Authority
Guy P. Berner	7,341,461	1,028,749
Robert T. Brady	7,383,498	986,712
John B. Drenning	7,341,461	1,028,749
Kevin T. Keane	7,385,701	984,509
John M. Yessa	7,385,851	984,359

The selection of Ernst & Young as the Registrant's auditors was approved by the following vote: 7,899,622 in favor; 156,839 against; and 313,749 abstentions.

Under applicable New York law and the Company's charter documents, abstentions and non-votes have no effect.

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: May 16, 1995

ASTRONICS CORPORATION

(Signature)

John M. Yessa

Vice President-Finance and Treasurer

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