SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended ......August 3, 1997.........

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...0-15451...

...PHOTRONICS, INC....
(Exact name of registrant as specified in its charter)

...Connecticut...	...06-0854886...
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

......1061 East Indiantown Road, Jupiter, FL......	..33477..
(Address of principal executive offices)	(Zip Code)

...(561) 745-1222...
(Registrant's telephone number, including area code)

....
(Former name, former address and former fiscal year, if changed since last report)

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 3, 1997
Common Stock, $.01 par value	11,960,952 Shares

PHOTRONICS, INC.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

(dollars in thousands)

ASSETS

	August 3, 1997 (Unaudited)	October 31, 1996
Current assets:		
Cash, cash equivalents and short-term investments	$ 93,678	$ 26,684
Accounts receivable (less allowance for doubtful accounts of $235 in 1997 and 1996)	33,758	24,750
Inventories	9,421	7,992
Other current assets	6,093	6,154
Total current assets	142,950	65,580
Property, plant and equipment (less accumulated depreciation of $66,595 in 1997 and $52,740 in 1996)	170,668	123,666
Intangible assets (less accumulated amortization of $3,777 in 1997 and $3,256 in 1996)	8,483	9,305
Investments and other assets	15,508	13,352
	$337,609	$211,903

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet
(dollars in thousands, except per share amounts)
LIABILITIES AND SHAREHOLDERS' EQUITY

	August 3, 1997 (Unaudited)	October 31, 1996
Current liabilities:		
Current portion of long-term debt	$ 40	$ 38
Accounts payable	24,044	34,168
Accrued salaries and wages	7,181	5,561
Other accrued liabilities	9,050	4,200
Total current liabilities	40,315	43,967
Long-term debt	106,412	1,987
Deferred income taxes and other liabilities	13,616	9,532
Total liabilities	160,343	55,486
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, $0.01 par value, 2,000,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.01 par value, 20,000,000 shares authorized, 11,960,952 shares issued in 1997 and 11,973,290 shares in 1996	120	120
Additional paid-in capital	82,047	77,833
Retained earnings	92,321	73,973
Unrealized gains on investments	3,923	4,678
Treasury stock, 136,500 shares at cost	-	(245)
Cumulative foreign currency translation adjustment	(896)	58
Deferred compensation on restricted stock	(249)	-
Total shareholders' equity	177,266	156,417
	$337,609	$211,903

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Earnings

(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	August 3, 1997	July 31, 1996	August 3, 1997	July 31, 1996
Net sales	$53,081	$42,677	$142,144	$117,859
Costs and expenses:				
Cost of sales	32,420	26,249	88,050	72,312
Selling, general and administrative	6,671	5,587	17,950	15,619
Research and development	2,788	2,218	7,712	6,166
Operating income	11,202	8,623	28,432	23,762
Interest and other income (expense), net	(263)	290	1,116	1,169
Income before income taxes	10,939	8,913	29,548	24,931
Provision for income taxes	4,100	3,400	11,200	9,500
Net income	$ 6,839	$ 5,513	$18,348	$ 15,431
Net income per common share	$0.55	$0.46	$1.48	$1.28
Weighted average number of common shares outstanding	12,509	12,111	12,403	12,072

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended	
	August 3, 1997	July 31, 1996
Cash flows from operating activities:		
Net income	$18,348	$15,431
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,142	9,400
Gain on disposition of investments	(1,308)	-
Other	724	(1,142)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(9,008)	(7,389)
Inventories	(1,429)	(1,159)
Other current assets	61	(104)
Accounts payable and other liabilities	(380)	9,491
Net cash provided by operating activities	22,150	24,528
Cash flows from investing activities:		
Acquisition of photomask operations	(1,065)	(12,396)
Deposits on and purchases of property, plant and equipment	(57,416)	(40,834)
Net change in short-term investments	(20,440)	13,961
Proceeds from sale of investments	1,658	-
Other	(875)	1,556
Net cash used in investing activities	(78,138)	(37,713)
Cash flows from financing activities:		
Repayment of long-term debt	(28)	(26)
Issuance of subordinated notes, net of $3,803 financing costs	99,697	-
Proceeds from and tax effects of exercise of stock options and other	2,873	2,274
Net cash provided by financing activities	102,542	2,248
Net increase (decrease) in cash and cash equivalents	46,554	(10,937)
Cash and cash equivalents at beginning of period	18,766	35,644
Cash and cash equivalents at end of period	$65,320	$24,707
Cash paid during the period for:		
Interest	$157	$ 24
Income taxes	$6,981	$9,857

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

Three and Nine Months Ended August 3, 1997
(Unaudited)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements of the Company included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, reflect all adjustments which are necessary to present fairly the results for the three and nine-month periods ended August 3, 1997 and July 31, 1996. Interim financial data presented herein are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the consolidated financial statements and footnotes as of October 31, 1996, which give a complete discussion of these matters.

The Company adopted a fifty-two (52) week fiscal year beginning in the first quarter of 1997.

NOTE 2 - 6% CONVERTIBLE SUBORDINATED NOTES DUE JUNE 1, 2004

On May 29, 1997, the Company sold $103.5 million of convertible subordinated notes, due in 2004, in a public offering. The notes bear interest at 6% per annum and are convertible at any time by the holders into 1.85 million shares of the Company's common stock, at a conversion price of $55.94 per share. The notes are redeemable at the Company's option, in whole or in part, at any time after June 1, 2000 at certain premiums decreasing through the maturity date. Interest is payable semi-annually commencing December 1, 1997.

NOTE 3 - ACQUISITION OF MZD

On June 26, 1997, the Company acquired all of the outstanding shares of MZD Maskenzentrum fur Mikrostrukturierung Dresden GmbH (MZD), an independent photomask manufacturer located in Dresden, Germany, for $3.1 million in cash and common shares of the Company. The acquisition was accounted for as a purchase and, accordingly, the acquisition price was allocated to property and equipment based on relative fair value. The results of MZD were not material to the Company for the periods presented.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition
Three and Nine Months ended August 3, 1997 versus July 31, 1996

OVERVIEW

Photronics established its first operations outside of the United States beginning in fiscal 1996, by acquiring two European operations, opening a new manufacturing facility in Singapore and acquiring a minority interest in an independent photomask manufacturer in Korea. In addition, during the third quarter of 1997 the Company acquired MZD Maskenzentrum fur Mikrostrukturierung Dresden GmbH (MZD), an independent photomask manufacturer in Dresden, Germany. These facilities, together with the Company's five U.S. facilities, comprise a global manufacturing network of ten facilities supporting semiconductor fabricators in the Asian, European and North American markets. As a result, revenues from foreign markets increased in the first nine months of 1997, compared with the first nine months of 1996, and that trend is expected to continue.

Revenues and costs also have been affected by the increased demand for higher technology photomasks which have higher average selling prices. To meet this demand and position the Company for future growth, the Company continues to make substantial investments in high-end manufacturing technology and capacity both at existing and new facilities. In addition to the Singapore facility, the Company completed construction of its new state-of-the-art facility in Allen, Texas, to which it relocated its Dallas, Texas, operation in the fourth quarter of fiscal 1996. The Company currently has two new manufacturing facilities under construction, one in Manchester, U.K., to which the existing Oldham, U.K. operation is currently being relocated, and a new manufacturing facility near Austin, Texas, which the Company expects will be operational in late 1997. In addition, the Company has announced its plans to break ground during the fourth quarter of 1997 for a new facility in Hillsboro, Oregon, which it expects to be operational in late 1998.

RESULTS OF OPERATIONS

Net Sales:

Net sales for the three and nine months ended August 3, 1997 increased 24.4% to $53.1 million and 20.6% to $142.1 million, respectively, compared with $42.7 million and $117.9 million for the corresponding prior year periods. Sales from Photronics' new international manufacturing operations accounted for nearly one-half of the 1997 year-to-date increase. The remaining portion of the growth resulted from increased shipments to customers from existing facilities due to stronger high-end product demand and the availability of greater advanced manufacturing capability, reflecting the implementation of the Company's capacity expansion program.

Cost of Sales:

Gross profit for the three and nine months ended August 3, 1997, increased 25.8% to $20.7 million, and 18.8% to $54.1 million, respectively, compared with $16.4 million and $45.5 million for the same periods in the prior fiscal year. Gross margins increased to 38.9% for the three months ended August 3, 1997, compared with 38.5% in the third quarter of 1996. The increase in gross margins resulted principally from a higher capacity utilization of the Company's installed equipment base, resulting in better absorption of costs from the Company's new manufacturing capacity and comparatively better margins in Europe and at Beta Squared. Year-to-date gross margins, however, were lower than in the previous year. Gross margins for the first nine months of 1997 amounted to 38.1% of sales whereas the gross margins for the same period in the prior year were 38.6%. Favorable margins resulting from a higher capacity utilization and a more favorable mix of higher-end products were offset by the cost of the Company's expanded manufacturing base, which was still in the process of ramping-up to higher levels of utilization earlier in the year, and the inclusion of international operations which generated margins below those generally experienced in the Company's domestic operations. In addition, margins were lower at the Company's Beta Squared subsidiary. To allow for increased manufacturing capability, the Company has continued to increase its staffing levels and added to its manufacturing systems, resulting in higher labor and equipment-related costs, including depreciation expense. The Company anticipates that its fixed operating costs will increase in connection with its continuing capacity expansion which it expects to offset with increases in net sales.

Selling, General and Administrative Expenses:

Selling, general and administrative expenses increased 19.4% to $6.7 million and 14.9% to $18.0 million, respectively, for the three and nine months ended August 3, 1997, compared with $5.6 million and $15.6 million for the same periods in the prior fiscal year. However, as a percentage of net sales, selling, general and administrative expenses decreased to 12.6% for the three and nine months ended August 3, 1997, compared with 13.1% and 13.3% for the same periods in the prior fiscal year. The increases in costs resulted from the addition of the new international operations, as well as increased staffing and other costs associated with the Company's expansion domestically.

Research and Development:

Research and development expenses for the three and nine months ended August 3, 1997, increased 25.7% to $2.8 million and 25.1% to $7.7 million, respectively, compared with $2.2 million and $6.2 million for the same periods in the prior fiscal year. These increases reflect continued engineering on more complex photomasks, including phase shift, optical proximity correction and deep ultra-violet technologies, as well as on Beta Squared's development of PLASMAX. As a percentage of net sales, research and development expenses increased to 5.3% and 5.4% for the three and nine months ended August 3, 1997, respectively, compared with 5.2% in each of the corresponding prior fiscal periods.

Other Income:

Other income and expense decreased $0.6 million in the third quarter of 1997, principally as a result of interest expense on borrowings, including interest on the newly issued convertible notes. Interest and other income and expense, net, for the nine months ended August 3, 1997, was approximately the same as the prior fiscal year. However, the 1997 period included a $1.3 million gain from the sale of investment securities, offset by an increase in net interest expense resulting from borrowings and lower levels of funds available for investment, whereas the 1996 period consisted principally of interest income.

Net Income:

Net income for the three and nine months ended August 3, 1997, increased 24.1% to $6.8 million, or $0.55 per share, and 18.9% to $18.3 million, or $1.48 per share, respectively, compared with $5.5 million, or $0.46 per share and $15.4 million, or $1.28 per share, for the same periods in the prior fiscal year. Net income in the first nine months of 1997 included $0.8 million, or $0.06 per share, from the gain on the sale of investment securities. The weighted average number of common shares outstanding increased to 12.5 million and 12.4 million for the three and nine months ended August 3, 1997, from 12.1 million for each of the periods in the prior fiscal year principally as a result of the issuance of shares in connection with employee stock option exercises.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash, cash equivalents and short-term investments increased $67.0 million during the first nine months of fiscal 1997, largely as a result of $100 million of proceeds from the sale, during the third quarter, of a new issue of convertible subordinated notes. Offsetting this increase were $58.5 million of capital expenditures for building construction and equipment purchases in connection with the Company's expansion of manufacturing capacity, together with the acquisition of MZD in Dresden, Germany. Other increases in cash during the first nine months of 1997, included proceeds from the sale of investments of $1.6 million and $2.9 million from sales of stock under the employee stock option and purchase plans.

Accounts receivable increased 36% to $33.8 million at August 3, 1997 from $24.8 million at October 31, 1996, primarily as a result of higher order activity over the course of the third quarter of 1997, and sales by the new foreign operations. Inventories increased $1.4 million, or 17.9% from October 1996 to $9.4 million at August 3, 1997, as a result of the purchase in 1997 of several machines for refurbishment and resale by Beta Squared.

Property, plant and equipment increased to $170.7 million at August 3, 1997, from $123.7 million at October 31, 1996. Deposits on and purchases of equipment and construction in progress on new facilities aggregated $57.4 million during the nine months ended August 3, 1997. These increases were offset by depreciation expense totaling $14.4 million in the first nine months of fiscal 1997. The decrease in intangible assets from $9.3 million at October 31, 1996 to $8.5 million at August 4, 1997, was due primarily to amortization expense during the period.

Investments and other assets increased from $13.4 million at October 31, 1996 to $15.5 million at August 3, 1997 due to the deferral of certain costs and fees incurred in connection with the convertible notes offering as well as the net increase in the fair value of investment securities during the period. These increases were offset by the sale of certain investment securities.

Accounts payable decreased $10.1 million from October 31, 1996 to $24.0 million at August 3, 1997, due to payments made of unusually high payables at October 31, 1996 which had resulted from the acceptance of significant equipment purchases at the end of fiscal 1996. Accrued salaries and wages and other accrued liabilities increased to $16.2 million at August 3, 1997 from $9.8 million at October 31, 1996, largely as a result of fiscal 1997 accruals, including incentive compensation and timing of other expenses.

During the third quarter of fiscal 1997, the Company sold $103.5 million of convertible subordinated notes, due in 2004, in a public offering. The notes bear interest at 6% per annum and are convertible into 1.85 million shares of the Company's common stock. The Company received the proceeds, net of the underwriting discounts and costs, of $100 million on May 29, 1997, and repaid $15 million outstanding under its revolving credit facility. Other changes in long-term debt were due to the imputation of interest on the obligation incurred in connection with the Micro Mask acquisition. Deferred income taxes and other liabilities increased from $9.5 million at October 31, 1996, to $13.6 million at August 3, 1997, largely due to increases in deferred income taxes on unrealized gains on investments and amounts due in the future in connection with the acquisition of MZD.

The Company's commitments represent on-going investments in additional manufacturing capacity, as well as advanced equipment for research and development of the next generation of higher technology and more complex photomasks. At August 3, 1997, the Company had commitments outstanding for capital expenditures of approximately $70 million. Additional commitments are expected to be incurred during 1997.

The Company has amended its revolving credit facility to permit borrowings of up to $30.0 million at any time through October 31, 1998. All amounts outstanding at October 31, 1998 will be due and payable on such date. The Company believes that its currently available resources, together with its capacity for substantial growth and its accessibility to other debt and equity financing sources, are sufficient to satisfy its cash requirements for the foreseeable future.

EFFECT OF NEW ACCOUNTING STANDARD

In February, 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share", which establishes new standards for the computation and disclosure of earnings per share ("EPS"). The new statement requires dual presentation of "basic" EPS and "diluted" EPS. Basic EPS is based on the weighted average number of common shares outstanding for the period, excluding any dilutive common share equivalents. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted. The Company cannot adopt SFAS 128 until the first quarter of fiscal year 1998. The effect of SFAS 128, had it been adopted beginning in fiscal year 1996, would have been to present basic EPS that would have been greater than EPS actually reported by $0.01 for the third quarter of 1996 and $0.02 for the third quarter of 1997, and by $0.04 for the first nine months of 1996 and $0.06 for the first nine months of 1997. The presentation of diluted EPS would have been the same as EPS actually reported for the respective periods.

In June, 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income", and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". Both of these statements establish new standards for financial statement reporting and disclosure of certain information. Neither of the new statements is expected to have a material impact on the Company's current financial reporting.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Except for historical information, the matters discussed above may be considered forward-looking statements and may be subject to certain risks and uncertainties that could cause the actual results to differ materially from those projected, including uncertainties in the market, pricing, competition, procurement and manufacturing efficiencies, and other risks.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports of Form 8-K

(a) Exhibits
None

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant.

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.

PHOTRONICS, INC.
(Registrant)

By:______ROBERT J. BOLLO_________
Robert J. Bollo
Vice President/Finance
(Duly Authorized Officer and
Principal Financial Officer)

Date: September 15, 1997

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This schedule contains summary financial information extracted from the Condensed Consolidated Statement of Earnings and the Consolidated Consolidated Balance Sheet and is qualified in its entirety by reference to such financial statements.

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9-MOS
OCT-31-1996
AUG-3-1997
65,320
28,358
33,993
235
9,421
142,950
237,263
66,595
337,609
40,315
106,412
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0
120
177,146
337,609
142,144
142,144
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88,050
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18,348
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0.00