

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 or 15(d) Of The Securities Exchange Act Of 1934

Date of report (Date of earliest event reported) August 15, 2007

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction
of incorporation)

0-15451

(Commission
File Number)

06-0854886

(IRS Employer
Identification Number)

15 Secor Road, Brookfield, CT

(Address of Principal Executive Offices)

06804

(Zip Code)

Registrant's Telephone Number, including area code (203) 775-9000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On August 15, 2007, the Company issued a press release reporting fiscal third quarter 2007 sales and earnings results for the period ended July 29, 2007. A copy of the press release is attached to this 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibits 99.2, 99.3 and 99.4 are filed with this Report. Exhibits 99.1 and 99.5 are furnished with this report

- 99.1 Press Release dated August 15, 2007
- 99.2 Condensed Consolidated Statements of Income
- 99.3 Condensed Consolidated Balance Sheets
- 99.4 Condensed Consolidated Statements of Cash Flows
- 99.5 Slide #1 provided for Conference Call

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 hereunto duly authorized.

PHOTRONICS, INC.

(Registrant)

DATE: August 16, 2007

BY: /s/ Edwin L. Lewis

Edwin L. Lewis

Senior Vice President, General Counsel and Secretary

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit No.	Subject Matter
99.1	Press Release dated August 15, 2007
99.2	Condensed Consolidated Statements of Income
99.3	Condensed Consolidated Balance Sheets
99.4	Condensed Consolidated Statements of Cash Flows
99.5	Slide #1 provided for Conference Call



FOR FURTHER INFORMATION:
Michael W. McCarthy
Vice President – Corporate Communications
Photronics, Inc.
(203)775-9000
mmccarthy@brk.photronics.com

Press Release

FOR IMMEDIATE RELEASE
August 15, 2007

PHOTRONICS REPORTS THIRD QUARTER RESULTS

BROOKFIELD, Connecticut August 15, 2007 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2007 third quarter results for the period ended July 29, 2007.

Sales for the quarter were \$104.3 million compared to \$108.2 million for the third quarter of fiscal year 2006. Semiconductor photomasks accounted for \$85.3 million, or 81.8% of revenues during the third quarter of fiscal 2007, while flat panel display (FPD) photomasks accounted for \$19.0 million, or 18.2% of revenues. During the third quarter of fiscal 2006, semiconductor photomasks accounted for 80.6% of revenues and FPD photomasks accounted for 19.4% of revenues.

Net income for the third quarter of fiscal year 2007 amounted to \$2.2 million, or \$0.05 per diluted share compared to net income of \$4.6 million, or \$0.11 per diluted share for the third quarter of fiscal 2006.

Sales for the first nine months of 2007 were \$319.9 million compared to \$339.6 million for the first nine months of fiscal 2006. Semiconductor photomasks accounted for \$259.2 million, or 81.0% of revenues during the first nine months of fiscal 2007, while FPD photomasks accounted for \$60.7 million, or 19.0% of revenues. Year-over-year, semiconductor photomask revenues decreased 1.9%, while FPD photomask revenues decreased 19.4%.

Net income for the first nine months of fiscal 2007 amounted to \$24.2 million, or \$0.53 per diluted share, compared to the prior year's first nine months net income of \$19.5 million, or \$0.45 per diluted share. Net income for the first nine months of 2007 includes a net benefit of \$7.9 million, or \$0.16 per share, relating to the resolution and settlement of United States and foreign tax liabilities associated with uncertain tax positions in prior years. Net income for the second quarter of 2006 included a charge of \$11.4 million after tax, or \$0.22 per diluted share, in connection with the Company's previously disclosed restructuring of its operations in North America.

-- more --

Photronics, Inc. 15 Secor Road • Brookfield, Connecticut 06804 • (203)775-9000 • www.photronics.com

PHOTRONICS REPORTS THIRD QUARTER RESULTS

PAGE TWO

Michael J. Luttati, Chief Executive Officer commented, "During the quarter, revenues were impacted by continued softness in the demand for flat panel display masks and a shortfall in expected design releases from European semiconductor photomask customers. We believe that the conditions affecting design release patterns for both these markets will improve before the end of calendar 2007." He concluded, "As we turn our attention toward future opportunities, we are confident that the strategic initiatives we have been implementing all throughout fiscal 2007, together with increasingly favorable market dynamics, will begin having a positive and long reaching impact upon our performance throughout fiscal 2008."

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics' web site at www.photronics.com, then clicking on the "Conference Calls" button in the top right corner of the home page. The call is scheduled for 8:30 a.m. Eastern Time on Thursday, August 16th, and will be archived for instant replay access until the Company reports its fiscal fourth quarter results after the market closes on Tuesday, December 4, 2007. The live call dial-in number is 212-748-2807.

###

Photronics is a leading worldwide manufacturer of photomasks. Photomasks are high precision quartz plates that contain microscopic images of electronic circuits. A key element in the manufacture of semiconductors and flat panel displays, photomasks are used to transfer circuit patterns onto semiconductor wafers and flat panel substrates during the fabrication of integrated circuits, a variety of flat panel displays and, to a lesser extent, other types of electrical and optical components. They are produced in accordance with product designs provided by customers at strategically located manufacturing facilities in Asia, Europe, and North America. Additional information on the Company can be accessed at www.photronics.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to the joint venture, the planned fabrication facility, future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company's ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to maintain a bank facility or secure other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; uncertainties with respect to the integration and management of a new joint venture, delays in the construction and equipping of the planned fabrication facility, the ability to transfer licensed applications to other applications, the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company's SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	July 29	July 30	July 29	July 30
	2007	2006	2007	2006
Net sales	\$ 104,301	\$ 108,160	\$ 319,908	\$339,579
Costs and expenses:				
Cost of sales	80,595	75,256	240,344	228,685
Selling, general and administrative	16,039	15,524	46,922	46,438
Research and development	4,241	6,741	13,285	22,985
	3,426	10,639	19,357	41,471
Consolidation, restructure, and related charges	-	(1,790)	-	(13,216)
Gain on sale of facility	-	-	2,254	-
Operating income	3,426	8,849	21,611	28,255
Other income (expense), net	867	(1,274)	1,012	4,292
Income before income taxes and minority interest	4,293	7,575	22,623	32,547
Income tax benefit (provision)	(1,126)	(1,692)	3,962	(9,324)
Income before minority interest	3,167	5,883	26,585	23,223
Minority interest	(929)	(1,328)	(2,424)	(3,710)
Net income	\$ 2,238	\$ 4,555	\$ 24,161	\$ 19,513
Earnings per share:				
Basic	\$ 0.05	\$ 0.11	\$ 0.58	\$ 0.47
Diluted	\$ 0.05	\$ 0.11	\$ 0.53	\$ 0.45
Weighted average number of common shares outstanding:				
Basic	41,558	41,383	41,515	41,344
Diluted	41,864	41,735	51,355	51,036

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands)

	July 29 2007	October 29 2006
<u>Assets</u>		
Current assets:		
Cash, cash equivalents and short-term investments of \$25,182 in 2007 and \$69,899 in 2006	\$ 145,238	\$ 199,324
Accounts receivable	72,527	84,299
Inventories	16,630	19,209
Other current assets	11,790	16,055
Total current assets	246,185	318,887
Property, plant and equipment, net	460,116	443,637
Goodwill	138,534	138,534
Investment in joint venture	65,646	64,365
Other intangibles, net	70,004	71,763
Other assets	6,857	8,497
	\$987,342	\$1,045,683
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Current portion of long-term debt	\$ 25,000	\$ 86,903
Accounts payable	65,962	53,907
Other accrued liabilities	31,123	50,386
Total current liabilities	122,085	191,196
Long-term debt	149,608	170,288
Deferred income taxes and other liabilities	16,509	23,920
Minority interest	48,914	45,997
Shareholders' equity	650,226	614,282
	\$987,342	\$1,045,683

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended	
	July 29 2007	July 30 2006
Cash flows from operating activities:		
Net income	\$ 24,161	\$ 19,513
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	72,234	67,594
Gain on sale of facility and other	(3,027)	-
Gain on sale of investments	(257)	-
Minority interest in income of consolidated subsidiaries	2,424	3,710
Consolidation, restructuring and related charges	-	13,216
Changes in assets and liabilities and other	(1,461)	(24,135)
Net cash provided by operating activities	94,074	79,898
Cash flows from investing activities:		
Purchases of property, plant and equipment	(56,951)	(83,441)
Purchases of short-term investments and other	(5,465)	(64,983)
Proceeds from sales of investments and other	48,253	78,697
Proceeds from sale of facility	5,783	-
Investment in joint venture, technology and supply agreements	(1,000)	(120,505)
Acquisition of additional interest in PK Ltd.	-	(8,432)
Net cash used in investing activities	(9,380)	(198,664)
Cash flows from financing activities:		
Repayments of long-term debt and other	(94,587)	(4,725)
Proceeds from long-term debt	3,369	12,218
Proceeds from issuance of common stock	631	1,172
Other	(1,485)	-
Net cash (used in) provided by financing activities	(92,072)	8,665
Effect of exchange rate changes on cash	(1,991)	(709)
Net decrease in cash and cash equivalents	(9,369)	(110,810)
Cash and cash equivalents, beginning of period	129,425	196,049
Cash and cash equivalents, end of period	\$ 120,056	\$ 85,239
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	16,480	12,585

Sequential Quarterly Revenue (IC/FPD)

(\$ in millions)

	<u>Q3</u> <u>2007</u>	<u>Q2</u> <u>2007</u>	<u>Q1</u> <u>2007</u>
IC Revenue	\$ 85	\$ 89	\$ 86
High-End: 90nm and below	(9)	(10)	(9)
FPD Revenue	19	21	20
High-End: G6 and above	<u>(12)</u>	<u>(15)</u>	<u>(15)</u>
Total	<u>\$104</u>	<u>\$110</u>	<u>\$106</u>

Photronics Confidential

