

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 13, 2008

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))
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Item 2.02. Results of Operations and Financial Condition

On August 13, 2008, the Company issued a press release reporting fiscal third quarter 2008 results for the period ended July 27, 2008. 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 is furnished with this report.

- 99.1 Press Release dated August 13, 2008.
- 99.2 Condensed Consolidated Statements of Operations
- 99.3 Condensed Consolidated Balance Sheets
- 99.4 Condensed Consolidated Statements of Cash Flows

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 14, 2008

BY: /s/Richelle E. Burr

Richelle E. Burr

Associate General Counsel and Assistant Secretary

EXHIBIT INDEX

Exhibit No.	Subject Matter
99.1	Press Release dated August 13, 2008.
99.2	Condensed Consolidated Statements of Operations
99.3	Condensed Consolidated Balance Sheets
99.4	Condensed Consolidated Statements of Cash Flows



Press Release

FOR FURTHER INFORMATION:

Sean T. Smith

SVP- CFO

Photronics, Inc.

(203) 775-9000

ssmith@photronics.com

FOR IMMEDIATE RELEASE

August 13, 2008

PHOTRONICS REPORTS THIRD QUARTER RESULTS

BROOKFIELD, Connecticut August 13, 2008 -- Photronics, Inc. (Nasdaq:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported fiscal 2008 third quarter results for the period ended July 27, 2008.

Sales for the quarter were \$105.7 million compared to \$104.3 million for the third quarter of fiscal year 2007. Semiconductor photomasks accounted for \$77.1 million, or 72.9% of revenues, during the third quarter of fiscal 2008, while flat panel display (FPD) photomasks accounted for \$28.6 million, or 27.1% of revenues. During the third quarter of fiscal 2007, semiconductor photomasks accounted for 81.8% of revenues and FPD photomasks accounted for 18.2% of revenues.

Net loss for the third quarter of fiscal year 2008 was \$205.6 million, or \$4.93 per share compared to net income of \$2.2 million, or \$0.05 per diluted share for the third quarter of fiscal 2007. The net loss for the third quarter of 2008 included the following charges: (1) A non-cash, pre-tax goodwill impairment charge of \$138.5 million, or \$137.3 million net of tax and \$3.30 per diluted share; (2) A non-cash, pre-tax long-lived asset impairment charge of \$66.9 million or \$60.9 million net of tax and \$1.46 per diluted share; and (3) a \$1.0 million, net of tax, or \$0.02 per diluted share, severance charge related to the separation agreement with its former chief executive officer. On a non-GAAP basis, excluding the effect of the impairment charges and severance costs, the Company's net loss was \$6.4 million, or \$0.15 per share.

Sales for the first nine months of 2008 were \$319.2 million compared to \$319.9 million for the first nine months of fiscal 2007. Semiconductor photomasks accounted for \$237.5 million, or 74.4% of revenues during the first nine months of fiscal 2008, while FPD photomasks accounted for \$81.8 million, or 25.6% of revenues. Year-over-year, semiconductor photomask revenues decreased 8.4%, while FPD photomask revenues increased 34.6%.

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PHOTRONICS REPORTS THIRD QUARTER RESULTS.....PAGE TWO

Net loss for the first nine months of fiscal 2008 was \$211 million, or \$5.07 per share, compared to net income of \$24.2 million, or \$0.53 per diluted share, in the first nine months of the prior year. Net loss for the first nine months of 2008 includes the impact of the impairment and severance charges of \$199.2 million, or \$4.78 per diluted share. Net income for the first nine months of 2007 included 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.

Constantine ("Deno") S. Macricostas, Photronics' chairman and interim chief executive officer commented, "Photronics' third quarter performance was primarily affected by reduced demand for high-end IC photomasks as a result of the downturn in the memory market and customer restructurings. While we expect that the memory market will remain soft for the near term, we remain committed to our high-end strategy and expect that it will be an important, long-term contributor to Photronics' future growth. Qualifications with key customers are progressing, and we anticipate an increase in high-end IC photomask sales over the next few quarters."

"During this time, we will continue to accelerate our cost reduction programs in order to improve our bottom line and better leverage our sales growth when the market rebounds," concluded Macricostas.

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 on the top right corner of the home page. The call is scheduled for 8:30 a.m. Eastern Daylight Time on Thursday, August 14, 2008. The live dial-in number is 719-325-4846. The call will be archived for instant replay access until the Company reports its fiscal fourth quarter results after the market closes on Tuesday, December 9, 2008.

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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.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. and its subsidiaries (the Company). The forward-looking statements contained in this press release and other parts of Photronics' web site involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices, and other factors as discussed in filings with the U. S. Securities and Exchange Commission (SEC). These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental, and technological factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company assumes no obligation to provide revisions to any forward-looking statements.

08-13

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>July 27, 2008</u>	<u>July 29, 2007</u>	<u>July 27, 2008</u>	<u>July 29, 2007</u>
Net sales	\$ 105,697	\$ 104,301	\$ 319,242	\$ 319,908
Costs and expenses:				
Cost of sales	(91,813)	(80,595)	(264,487)	(240,344)
Selling, general and administrative	(13,741)	(16,039)	(43,620)	(46,922)
Research and development	(4,298)	(4,241)	(13,148)	(13,285)
Impairment of goodwill and long-lived assets	(205,408)	-	(205,408)	-
Gain on sale of facility	-	-	-	2,254
Operating income (loss)	(209,563)	3,426	(207,421)	21,611
Other income (expense), net	(2,575)	867	(6,340)	1,012
Income (loss) before income taxes and minority interest	(212,138)	4,293	(213,761)	22,623
Income tax benefit (provision)	7,020	(1,126)	4,216	3,962
Income (loss) before minority interest	(205,118)	3,167	(209,545)	26,585
Minority interest	(474)	(929)	(1,456)	(2,424)
Net income (loss)	<u>\$ (205,592)</u>	<u>\$ 2,238</u>	<u>\$ (211,001)</u>	<u>\$ 24,161</u>
Earnings (loss) per share:				
Basic	\$ (4.93)	\$ 0.05	\$ (5.07)	\$ 0.58
Diluted	<u>\$ (4.93)</u>	<u>\$ 0.05</u>	<u>\$ (5.07)</u>	<u>\$ 0.53</u>
Weighted average number of common shares outstanding:				
Basic	41,662	41,558	41,642	41,515
Diluted	<u>41,662</u>	<u>41,864</u>	<u>41,642</u>	<u>51,355</u>

PHOTRONICS, INC. AND SUBSIDIARIES**Condensed Consolidated Balance Sheets**

(in thousands)

(Unaudited)

	July 27, 2008	October 28, 2007
<u>Assets</u>		
Current assets:		
Cash, cash equivalents and short-term investments of \$2,458 in 2008 and \$5,657 in 2007	\$ 79,628	\$ 151,706
Accounts receivable	71,595	68,248
Inventories	18,201	17,716
Other current assets	14,286	9,315
Total current assets	183,710	246,985
Property, plant and equipment, net	500,403	531,578
Goodwill	-	138,534
Investment in joint venture	70,595	67,900
Other intangibles, net	63,937	68,835
Other assets	5,680	5,948
	<u>\$ 824,325</u>	<u>\$ 1,059,780</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Current portion of long-term borrowings	\$ 19,213	\$ 4,482
Accounts payable and accrued liabilities	99,246	145,897
Total current liabilities	118,459	150,379
Long-term borrowings	209,328	191,253
Deferred income taxes and other liabilities	7,956	14,399
Minority interest	53,710	49,465
Shareholders' equity	434,872	654,284
	<u>\$ 824,325</u>	<u>\$ 1,059,780</u>

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows

(in thousands)
(Unaudited)

	Nine Months Ended	
	July 27, 2008	July 29, 2007
Cash flows from operating activities:		
Net income (loss)	\$ (211,001)	\$ 24,161
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	79,794	72,234
Gain on sale of facility	-	(3,027)
Minority interest in income of consolidated subsidiaries	1,456	2,424
Impairment of goodwill	138,535	-
Impairment of long-lived assets	66,873	-
Changes in assets and liabilities and other	(9,740)	(1,718)
Net cash provided by operating activities	65,917	94,074
Cash flows from investing activities:		
Purchases of property, plant and equipment	(94,941)	(56,951)
Purchases of short-term investments and other	(327)	(5,465)
Proceeds from sales of investments and other	3,558	48,253
Proceeds from sale of facility and other	-	5,783
Investment in joint venture	(2,598)	(1,000)
Net cash used in investing activities	(94,308)	(9,380)
Cash flows from financing activities:		
Repayments of long-term borrowings	(179,968)	(94,587)
Proceeds from long-term borrowings	139,640	3,369
Proceeds from issuance of common stock	-	631
Other	(950)	(1,485)
Net cash used in financing activities	(41,278)	(92,072)
Effect of exchange rate changes on cash	790	(1,991)
Net decrease in cash and cash equivalents	(68,879)	(9,369)
Cash and cash equivalents, beginning of period	146,049	129,425
Cash and cash equivalents, end of period	\$ 77,170	\$ 120,056
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ (40,144)	\$ 16,480
Capital lease obligation for purchases of property, plant and equipment	\$ 61,662	\$ -