

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) **May 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 May 15, 2007, the Company issued a press release reporting fiscal second quarter 2007 sales and earnings results for the period ended April 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 May 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 Slides #1, #2, and #3 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: May 16, 2007

BY: /s/Edwin L. Lewis

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit No.	Subject Matter
99.1	Press Release dated May 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	Slides #1, #2, and #3 provided for conference call.



FOR FURTHER INFORMATION:
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Photronics, Inc.
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Press Release

FOR IMMEDIATE RELEASE
May 15, 2007

PHOTRONICS REPORTS SECOND QUARTER RESULTS

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

Sales for the quarter were \$109.6 million compared to \$119.5 million for the second quarter of fiscal year 2006. Semiconductor photomasks accounted for \$88.3 million, or 81% of revenues during the second quarter of fiscal 2007, while flat panel display (FPD) photomasks accounted for \$21.3 million, or 19% of revenues. During the second quarter of fiscal 2006, semiconductor photomasks accounted for 76% of revenues and FPD photomasks accounted for 24% of revenues.

Net income for the second quarter of fiscal year 2007 amounted to \$14.1 million, or \$0.30 per diluted share compared to net income of \$5.3 million, or \$0.12 per diluted share for the second quarter of fiscal 2006. Net income for the second quarter 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.

Sales for the first six months of 2007 were \$215.6 million compared to \$231.4 million for the first half of fiscal 2006. Semiconductor photomasks accounted for \$173.9 million, or 81% of revenues during the first six months of fiscal 2007, while FPD photomasks accounted for \$41.7 million, or 19% of revenues. Year-over-year, semiconductor photomask revenues decreased 2%, while FPD photomask revenues decreased 22.7%.

Net income for the first six months of fiscal 2007 amounted to \$21.9 million, or \$0.47 per diluted share, compared to the prior year's first six months net income of \$15.0 million, or \$0.34 per diluted share.

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PHOTRONICS REPORTS SECOND QUARTER RESULTS

PAGE TWO

Michael J. Luttati, Chief Executive Officer commented, "While performance for the quarter was at the lower end of our guidance range as a result of industry wide semiconductor and flat panel market conditions, we are pleased with the progress we made during the quarter. Our plans to further penetrate the semiconductor industry's sub-90 nanometer market are proving successful, as revenues increased sequentially with an especially strong performance in Asia. In flat panel displays, the outlook is improving after taking nearly a year to work through fluctuating capacity and end market dynamics. Our technology focus was recently rewarded with Photronics having shipped our first Gen 8 production mask set prior to the quarter's close."

Mr. Luttati concluded, "As we move into the second half of fiscal 2007, we will continue executing against our strategy to increase share in the advanced semiconductor mask and flat panel markets. Near-term market volatility aside, we are optimistic that the Company is significantly improving its competitive position."

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 Wednesday, May 16th and will be archived for instant replay access until the Company reports its fiscal third quarter results after the market closes on Tuesday, August 14, 2007. The live call dial-in number is 212-748-2807.

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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.

"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 obtain a new bank facility or 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.

07-11 Photronics Q2 Earnings Text

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

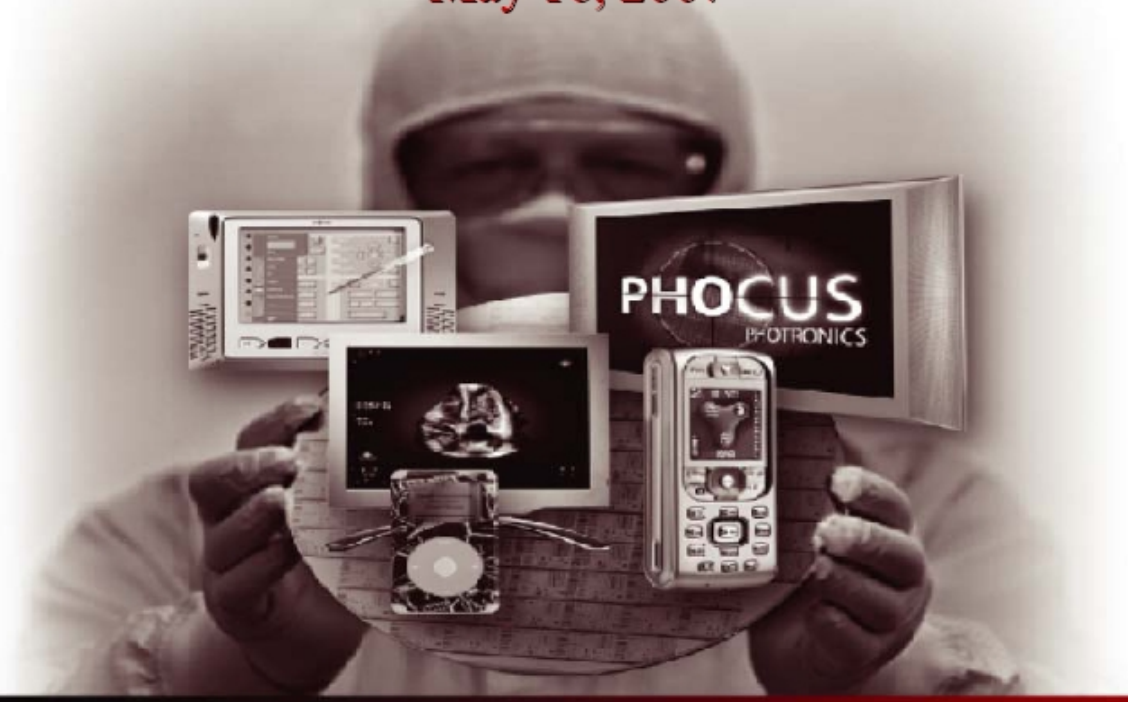
	Three Months Ended		Six Months Ended	
	April 29 2007	April 30 2006	April 29 2007	April 30 2006
Net sales	\$ 109,626	\$ 119,471	\$ 215,607	\$231,419
Costs and expenses:				
Cost of sales	83,433	77,663	159,749	153,428
Selling, general and administrative	14,442	15,726	30,883	30,914
Research and development	4,324	7,993	9,044	16,243
Consolidation, restructuring, and related charges	-	(11,426)	-	(11,426)
Gain on sale of facility	-	-	2,254	-
Operating income	7,427	6,663	18,185	19,408
Other income (expense), net	430	3,792	145	5,564
Income before income taxes and minority interest	7,857	10,455	18,330	24,972
Income tax benefit (provision)	6,400	(3,814)	5,088	(7,632)
Income before minority interest	14,257	6,641	23,418	17,340
Minority interest	(191)	(1,376)	(1,495)	(2,382)
Net income	<u>\$ 14,066</u>	<u>\$ 5,265</u>	<u>\$ 21,923</u>	<u>\$ 14,958</u>
Earnings per share:				
Basic	<u>\$ 0.34</u>	<u>\$ 0.13</u>	<u>\$ 0.53</u>	<u>\$ 0.36</u>
Diluted	<u>\$ 0.30</u>	<u>\$ 0.12</u>	<u>\$ 0.47</u>	<u>\$ 0.34</u>
Weighted average number of common shares outstanding:				
Basic	<u>41,513</u>	<u>41,334</u>	<u>41,494</u>	<u>41,325</u>
Diluted	<u>51,399</u>	<u>50,987</u>	<u>51,380</u>	<u>50,966</u>

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

	April 29 2007	October 29 2006
Assets		
Current assets:		
Cash, cash equivalents and short-term investments of \$21,934 in 2007 and \$69,899 in 2006	\$ 153,724	\$ 199,324
Accounts receivable	76,543	84,299
Inventories	18,254	19,209
Other current assets	8,618	16,055
Total current assets	257,139	318,887
Property, plant and equipment, net	441,259	443,637
Goodwill	138,534	138,534
Investment in joint venture	64,553	64,365
Other intangibles, net	70,917	71,763
Other assets	4,917	8,497
	<u>\$ 977,319</u>	<u>\$ 1,045,683</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 25,000	\$ 86,903
Accounts payable	59,490	53,907
Other accrued liabilities	29,403	50,386
Total current liabilities	113,893	191,196
Long-term debt	149,106	170,288
Deferred income taxes and other liabilities	23,683	23,920
Minority interest	47,474	45,997
Shareholders' equity	643,163	614,282
	<u>\$ 977,319</u>	<u>\$ 1,045,683</u>

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

	Six Months Ended	
	April 29 2007	April 30 2006
Cash flows from operating activities:		
Net income	\$ 21,923	\$ 14,958
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47,840	44,921
Gain on sale of facility	(2,254)	-
Gain on sale of investments	(257)	-
Minority interest in income of consolidated subsidiaries	1,495	2,382
Consolidation, restructuring and related charges	-	11,426
Changes in assets and liabilities and other	2,798	(23,532)
Net cash provided by operating activities	71,545	50,155
Cash flows from investing activities:		
Purchases of property, plant and equipment	(37,346)	(56,572)
Purchases of short-term investments	-	(32,819)
Proceeds from sales of investments and other	48,507	47,877
Proceeds from sale of facility	5,011	-
Acquisition of additional interest in PK Ltd.	-	(8,432)
Net cash provided by (used in) investing activities	16,172	(49,946)
Cash flows from financing activities:		
Repayments of long-term debt	(87,087)	(4,725)
Proceeds from long-term debt	3,369	9,289
Proceeds from issuance of common stock	552	730
Net cash provided by (used in) financing activities	(83,166)	5,294
Effect of exchange rate changes on cash	(2,186)	1,330
Net increase in cash and cash equivalents	2,365	6,833
Cash and cash equivalents, beginning of period	129,425	196,049
Cash and cash equivalents, end of period	\$ 131,790	\$ 202,882
Supplemental disclosure of cash flow information:		
Change in accrual for purchases of property, plant and equipment	\$ (702)	\$ 8,993



PHOTRONICS

Second Quarter Results - EPS

	<u>Q2-07</u>
"GAAP" EPS	\$0.30
<i>Less: net benefit associated with the resolution and settlement of U.S. and foreign tax matters associated with uncertain tax positions in prior years</i>	<u>(0.16)</u>
Adjusted EPS	<u><u>\$0.14</u></u>

Sequential Quarterly Revenue (IC/FPD) (\$ in millions)

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

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