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 ......January 31, 1999........

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 January 31, 1999
Common Stock, $.01 par value	24,030,314 Shares

PHOTRONICS, INC.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

(in thousands)

ASSETS

	January 31, 1999 (Unaudited)	November 1, 1998
Current assets:		
Cash, cash equivalents and short-term investments	$ 24,717	$ 31,373
Accounts receivable (less allowance for doubtful accounts of $235 in 1999 and 1998)	29,909	31,515
Inventories	13,718	14,057
Other current assets	10,661	10,430
Total current assets	79,005	87,375
Property, plant and equipment (less accumulated depreciation of $112,122 in 1999 and $103,957 in 1998)	263,811	253,781
Intangible assets (less accumulated amortization of $6,557 in 1999 and $6,009 in 1998)	19,510	20,058
Investments and other assets	12,333	10,335
	$374,659	$371,549

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

(dollars in thousands, except share and per share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY

	January 31, 1999 (Unaudited)	November 1, 1998
Current liabilities:		
Current portion of long-term debt	$ 278	$ 2,076
Accounts payable	40,134	31,431
Accrued salaries and wages	3,552	4,170
Other accrued liabilities	8,897	12,827
Total current liabilities	52,861	50,504
Long-term debt	104,178	104,261
Deferred income taxes and other liabilities	16,789	16,354
Total liabilities	173,828	171,119
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, 75,000,000 shares authorized, 24,030,314 shares issued in 1999 and 24,164,106 shares in 1998	240	242
Additional paid-in capital	80,836	82,377
Retained earnings	120,708	120,091
Other accumulated comprehensive income (loss)	(836)	(2,141)
Deferred compensation on restricted stock	(117)	(139)
Total shareholders' equity	200,831	200,430
	$374,659	$371,549

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Earnings
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	January 31, 1999	February 1, 1998
Net sales	$47,815	$50,932
Costs and expenses:		
Cost of sales	35,287	31,266
Selling, general and administrative	7,263	6,590
Research and development	3,519	2,933
Operating income	1,746	10,143
Other income (expense), net	(729)	(63)
Income before income taxes	1,017	10,080
Provision for income taxes	400	3,800
Net income	$ 617	$ 6,280
Earnings per share:		
Basic	$0.03	$0.26
Diluted	$0.03	$0.25
Weighted average number of common shares outstanding:		
Basic	24,102	24,302
Diluted	24,102	28,987

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

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

	Three Months Ended	
	January 31, 1999	February 1, 1998
Cash flows from operating activities:		
Net income	$ 617	$ 6,280
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,350	7,045
Other	(235)	(422)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	1,381	803
Inventories	291	(1,195)
Other current assets	(285)	(1,907)
Accounts payable and other liabilities	6,348	(20,295)
Net cash provided by (used in) operating activities	17,467	(9,691)
Cash flows from investing activities:		
Acquisition of photomask operations	-	(32,455)
Deposits on and purchases of property, plant and equipment	(20,863)	(7,764)
Net change in short-term investments	1,449	18,953
Other	616	839
Net cash used in investing activities	(18,798)	(20,427)
Cash flows from financing activities:		
Repayment of long-term debt	(1,869)	(67)
Proceeds from issuance of common stock	1,882	175
Purchase and retirement of common stock	(3,425)	-
Other	(301)	-
Net cash provided by (used in) financing activities	(3,713)	108
Effect of exchange rate changes on cash flows	(163)	(596)
Net decrease in cash and cash equivalents	(5,207)	(30,606)
Cash and cash equivalents at beginning of period	23,841	57,845
Cash and cash equivalents at end of period	$18,634	$27,239
Cash paid during the period for:		
Interest	$3,120	$3,146
Income taxes	$185	$4,412

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Shareholders' Equity
(in thousands)
(unaudited)

	Common Stock				Accumulated Comprehensive Income				
					Other				
	Shares	Amount	Add'l Paid-In Capital	Retained Earnings	Unrealized Investment Gains	Foreign Currency Translation	Total	Deferred Compensation on Restricted Stock	Total Shareholders' Equity
Three Months Ended February 1, 1998:									
Balance at November 2, 1997	24,301	$243	$85,129	$99,609	$3,251	$(2,008)	$1,243	$(249)	$185,975
Comprehensive income:									
Net income	-	-	-	6,280	-	-	-	-	6,280
Change in unrealized gains on investments	-	-	-	-	(351)	-	(351)	-	(351)
Foreign currency translation adjustment	-	-	-	-	-	(3,683)	(3,683)		(3,683)
Total comprehensive income	-	-	-	6,280	(351)	(3,683)	(4,034)	-	2,246
Sale of common stock through employee stock option and purchase plans	14	-	174	-	-	-	-	-	174
Amortization of restricted stock to compensation expense	-	-	-	-	-	-		44	44
Balance at February 1, 1998	24,315	$243	$85,303	$105,889	$2,900	$(5,691)	$(2,791)	$(205)	$188,439
Three Months Ended January 31, 1999:									
Balance at November 1, 1998	24,164	$242	$82,377	$120,091	$1,167	$(3,308)	$(2,141)	$(139)	$200,430
Comprehensive income:									
Net income	-	-	-	617	-	-	-	-	617
Change in unrealized gains on investments	-	-	-	-	1,340	-	1,340	-	1,340
Foreign currency translation adjustment	-	-	-	-	-	(35)	(35)	-	(35)
Total comprehensive income	-	-	-	617	1,340	(35)	1,305	-	1,922
Sale of common stock through employee stock option and purchase plans	116	1	1,881	-	-	-	-	-	1,882
Common stock repurchases	(250)	(3)	(3,422)	-	-	-	-	-	(3,425)
Amortization of restricted stock to compensation expense	-	-	-	-	-	-	-	22	22
Balance at January 31, 1999	24,030	$240	$80,836	$120,708	$2,507	$(3,343)	$(836)	$(117)	$200,831

See accompanying notes to Condensed Consolidated Financial Statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

Three Months Ended January 31, 1999 and February 1, 1998
(Unaudited)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended January 31, 1999 are not necessarily indicative of the results that may be expected for the year ending October 31, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in Company's Annual Report on Form 10-K for the year ended November 1, 1998.

NOTE 2 - EARNINGS PER SHARE

Statement of Financial Accounting Standards No. 128, "Earnings per Share," 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.

A reconciliation of basic and diluted EPS for the three months ended January 31, 1999 and February 1, 1998 is as follows (in thousands, except per share amounts):

	Net Income	Average Shares Outstanding	Earnings Per Share
1999:			
Basic	$ 617	24,102	$0.03
Effect of potential dilution from exercise of stock options and conversion of notes (a)	-	-	
Diluted	$ 617	24,102	$0.03
1998:			
Basic	$ 6,280	24,302	$0.26
Effect of potential dilution from exercise of stock options and conversion of notes	1,037	4,685	
Diluted	$ 7,317	28,987	$0.25

(a) The effect of the exercise of stock options and the conversion of notes for the three months ended January 31, 1999 is anti-dilutive.

NOTE 3 - SALE OF LARGE AREA MASK DIVISION

During 1998, the Company announced its intention to dispose of its Large Area Mask (LAM) Division located in Colorado Springs, Colorado. In January 1999, the Company sold its LAM Division. The sale did not materially effect the operating results for the quarter ended January 31, 1999.

NOTE 4 - COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 130 "Reporting Comprehensive Income". The Statement, which the Company adopted in the first quarter of 1999, establishes standards for reporting comprehensive income and its components in financial statements. Where applicable, earlier periods have been restated to conform to the standards set forth in SFAS No. 130. The Company's comprehensive income as reported in the Condensed Consolidated Statement of Shareholders' Equity, consists of net earnings, and all changes in equity during a period except those resulting from investments by owners and distributions to owners, which are presented before tax. The Company does not provide for U.S. income taxes on foreign currency translation adjustments because it does not provide for such taxes on undistributed earnings of foreign subsidiaries. Accumulated comprehensive income consists of unrealized gains and losses on certain investments in equity securities and foreign currency translation adjustments. The pre-tax unrealized investment gain was $2,161 and $566 for the three month periods ended January 31, 1999 and February 1, 1998, respectively.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

MATERIAL CHANGES IN RESULTS OF OPERATIONS
THREE MONTHS ENDED JANUARY 31, 1999 VERSUS FEBRUARY 2, 1998.

The changes in Photronics, Inc. ("the Company") results of operations for the three months ended January 31, 1999 as compared to the same period during the prior fiscal year were primarily attributable to a cyclical slow-down currently being experienced by the semiconductor industry which began impacting the Company during the third quarter of 1998. The current downturn in the global semiconductor industry resulted in extended customer shut-downs, a slow-down in the releases of new designs, and price reductions for mature technologies. The resulting adverse impact on sales, combined with Photronics continued increases in capability which resulted in higher fixed costs, accounted for the majority of the decrease in operating income.

Net sales for the three months ended January 31, 1999 decreased 6.1% to $47.8 million compared with $50.9 million for the three months ended February 1, 1998, primarily due to lower average selling prices, and to a lesser extent, a reduction in unit volumes of new releases, principally in the United States. As a result of the Company's globalization, sales outside of the U.S. increased to 22.5% of revenues in the first quarter of 1999, compared with 17.8% in the first quarter of 1998.

Cost of sales for the three months ended January 31, 1999, increased 12.9% to $35.3 million, compared with $31.3 million for the same period in the prior fiscal year. Gross margins decreased to 26.2% of sales in the first quarter of fiscal 1999, compared with 38.6% for the first quarter of 1998. The gross margin decrease was attributable to lower revenues together with the Company's commitment to expand its technological capability, which resulted in significantly higher depreciation and service contract expenses. These investments have been made to position the Company to satisfy customer demands for higher technological capability, as well as increased volumes.

Selling, general and administrative expenses increased 10.2% to $7.3 million for the three months ended January 31, 1999, compared with $6.6 million for the same period in the prior fiscal year. As a percentage of net sales, selling, general and administrative expenses increased to 15.2% for the three months ended January 31, 1999, compared with 12.9% for the same period in the prior fiscal year. The higher expenses were due principally to staffing and other costs associated with the Company's expansion, both domestically and internationally.

Research and development expenses for the three months ended January 31, 1999, increased 20% to $3.5 million, compared with $2.9 million for the same period in the prior fiscal year. This increase reflects the continuing development efforts on high-end, more complex photomasks such as phase shift, optical proximity correction and Next Generation Lithography or NGL applications. As a percentage of net sales, research and development was 7.4% for the three months ended January 31, 1999 compared to 5.8% for the quarter ended February 1, 1998.

Net other expenses of approximately $0.7 million in the first quarter of 1999 was comprised principally of interest expense on the convertible notes, offset by interest and other income earned on investments. This compares to $0.1 million of net interest and other expenses in the first quarter of 1998, which included higher income earned on investments.

Net income for the three months ended January 31, 1999, decreased to $0.6 million, or $0.03 per share on a basic and a diluted basis, compared with $6.3 million or $0.26 per basic share and $0.25 per diluted share for the corresponding prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Photronics' cash and short-term investments decreased $6.7 million during the three months ended January 31, 1999, largely as a result of capital expenditures for equipment of approximately $21 million. In addition, $3.4 million of cash was utilized to repurchase 250,000 shares of the Company's common stock and $1.9 million of cash was utilized to repay long-term debt. These decreases were offset by cash provided by operations of more than $17 million.

Accounts receivable decreased 5.1% from November 1, 1998 as a result of slower order activity in the first quarter of 1999 compared with the fourth quarter of 1998. Inventory decreased by 2.4% during the quarter as a result of the Company's reducing inventory levels during the cyclical slow-down in the semiconductor industry.

Property, plant and equipment increased to $263.8 million at January 31, 1999, from $253.8 million at November 1, 1998, as a result of the expansion of Photronics' manufacturing capability and capacity. These increases were partially offset by depreciation expense.

Intangible and other assets increased $1.4 million during the quarter ended January 31, 1999, principally due to an increase in the market value of assets available for sale.

Accounts payable and accruals increased 8.6% or $4.2 million from November 1, 1998, principally due to the accrual of amounts due on capital equipment received during the quarter.

Photronics' commitments represent investments in additional manufacturing capacity as well as advanced equipment for research and development of high-end, more complex photomasks. At January 31, 1999, Photronics had commitments outstanding for capital expenditures of approximately $65 million. Additional commitments for capital requirements are expected to be incurred during fiscal 1999. Photronics will continue to use its working capital and bank lines of credit to finance its capital expenditures. Photronics believes that its currently available resources, together with its capacity for substantial growth and its access to other debt and equity financing sources, are sufficient to satisfy its currently planned capital expenditures, as well as its anticipated working capital requirements for the foreseeable future.

Substantially all of the Company's consolidated Asian sales have been denominated in U.S. dollars resulting in minimal foreign currency exchange risk on transactions in that region.

EFFECT OF NEW ACCOUNTING STANDARDS

In April, 1998, the American Institute of Certified Public Accountants issued Statement of Position, 98-5, "Reporting on the Costs of Start-up Activities." In June 1998, the Financial Accounting Standards Board issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities." Each of these statements establish new standards for financial statement reporting and disclosure of certain information effective for the Company in future fiscal years. The Company does not expect these new standards to have a material impact on its financial position, results of operations or cash flows.

YEAR 2000

The Company has recognized that much of its operating software for its manufacturing and financial systems may not have had the ability to recognize date information when the year changes to 2000, and initiated a program in 1997 to replace such software to ensure, among other things, proper date recognition. To date, the Company has successfully installed the new financial and manufacturing software in certain of its U.S. locations, and is in the process of implementing such system at the remainder of its sites worldwide. It is expected that both these installations will be completed by the end of 1999. In addition, the Company began its review of the year 2000 compliance with respect to equipment used in the manufacturing process, and the systems used by its customers and suppliers.

The Company estimated that the total cost for all its current software replacement efforts, including becoming Year 2000 compliant, will be approximately $7 million, of which approximately half has been incurred to date. The Company believes that, based on its review performed to date, there will not be any significant interruption in its normal operations; however should any of its suppliers or customers not be successful in their efforts, there could be an adverse impact on the Company. The Company is currently in the process of evaluating alternatives in the event that its suppliers and customers are not able to demonstrate within an appropriate timeline that they will be able to successfully address their Year 2000 issues.

"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 on Form 8-K

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K

During the quarter for which this report is filed, no reports on Form 8-K were filed by the Company.

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
Vice President/Finance
(Duly Authorized Officer and
Principal Financial Officer)

Date:

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

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3-MOS
OCT-31-1999
JAN-31-1999
18,634
6,083
30,144
235
13,718
79,005
375,933
112,122
374,659
52,861
104,178
0
0
240
200,591
374,659
47,815
47,815
35,287
35,287
0
0
1,627
1,017
400
617
0
0
0
617
0.03
0.03