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..........May 2, 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 May 2, 1999
Common Stock, $.01 par value	23,804,594 Shares

PHOTRONICS, INC.
AND SUBSIDIARIES

INDEX

PART II. OTHER INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

(in thousands)

ASSETS

	May 2, 1999 (Unaudited)	November 1, 1998
Current assets:		
Cash, cash equivalents and short-term investments	$ 14,772	$ 31,373
Accounts receivable (less allowance for doubtful accounts of $235 in 1999 and 1998)	32,661	31,515
Inventories	13,012	14,057
Other current assets	9,583	10,430
Total current assets	70,028	87,375
Property, plant and equipment (less accumulated depreciation of $121,164 in 1999 and $103,957 in 1998)	277,278	251,381
Intangible assets (less accumulated amortization of $7,103 in 1999 and $6,009 in 1998)	22,764	22,458
Investments and other assets	15,961	10,335
	$386,031	$371,549

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

(dollars in thousands, except per share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY

	May 2, 1999 (Unaudited)	November 1, 1998
Current liabilities:		
Current portion of long-term debt	$ 263	$ 2,076
Accounts payable	51,116	31,431
Accrued salaries and wages	2,514	4,170
Other accrued liabilities	10,589	12,827
Total current liabilities	64,482	50,504
Long-term debt	104,089	104,261
Deferred income taxes and other liabilities	17,241	16,354
Total liabilities	185,812	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, 23,804,594 shares issued in 1999 and 24,164,106 shares in 1998	238	242
Additional paid-in capital	77,763	82,377
Retained earnings	122,776	120,091
Accumulated other comprehensive loss	(463)	(2,141)
Deferred compensation on restricted stock	(95)	(139)
Total shareholders' equity	200,219	200,430
	$386,031	$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		Six Months Ended	
	May 2, 1999	May 3, 1998	May 2, 1999	May 3, 1998
Net sales	$53,826	$61,307	$101,641	$112,239
Costs and expenses:				
Cost of sales	38,151	37,560	73,438	68,826
Selling, general and administrative	7,652	7,661	14,915	14,251
Research and development	3,670	3,152	7,189	6,085
Non-recurring restructuring charge	-	3,800	-	3,800
Operating income	4,353	9,134	6,099	19,277
Other income (expense), net	(985)	(525)	(1,714)	(588)
Income before income taxes	3,368	8,609	4,385	18,689
Provision for income taxes	1,300	3,300	1,700	7,100
Net income	$ 2,068	$ 5,309	$ 2,685	$ 11,589
Earnings per share:				
Basic	$0.09	$0.22	$0.11	$0.48
Diluted	$0.09	$0.22	$0.11	$0.47
Weighted average number of common shares outstanding:				
Basic	23,939	24,355	24,021	24,328
Diluted	23,939	29,201	24,021	29,095

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows

(in thousands)
(Unaudited)

	Six Months Ended	
	May 2, 1999	May 3, 1998
Cash flows from operating activities:		
Net income	$ 2,685	$11,589
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,454	15,277
Non-recurring restructuring charge	-	3,800
Other	(214)	(438)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(1,551)	(5,331)
Inventories	946	(2,333)
Other current assets	832	(339)
Accounts payable and accrued liabilities	15,695	200
Net cash provided by operating activities	37,847	22,425
Cash flows from investing activities:		
Acquisition of photomask operations	-	(32,455)
Deposits on and purchases of property, plant and equipment	(45,465)	(41,625)
Net change in short-term investments	7,420	15,409
Other	(1,751)	2,132
Net cash used in investing activities	(39,796)	(56,539)
Cash flows from financing activities:		
Repayment of long-term debt	(1,934)	(136)
Proceeds from issuance of common stock	2,282	1,068
Purchase and retirement of common stock	(6,900)	-
Other	(300)	-
Net cash provided by (used in) financing activities	(6,852)	932
Effect of exchange rate changes on cash flows	(380)	(491)
Net decrease in cash and cash equivalents	(9,181)	(33,673)
Cash and cash equivalents at beginning of period	23,841	57,845
Cash and cash equivalents at end of period	$14,660	$24,172
Cash paid during the period for:		
Interest	$3,177	$3,188
Income taxes	$533	$9,779

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Shareholders' Equity

(in thousands)
(unaudited)

	Common Stock Shares	Common Stock Amount	Add'l Paid-In Capital	Retained Earnings	Accumulated Comprehensive Income (Loss): Unrealized Investment Gains	Accumulated Comprehensive Income (Loss): Other: Foreign Currency Translation	Accumulated Comprehensive Income (Loss): Total	Deferred Compensation on Restricted Stock	Total Shareholders' Equity
Six Months Ended May 3, 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	-	-	-	11,589	-	-	-	-	11,589
Change in unrealized gains on investments	-	-	-	-	(686)	-	(686)	-	(686)
Foreign currency translation adjustment	-	-	-	-	-	(267)	(267)	-	(267)
Total comprehensive income	-	-	-	11,589	(686)	(267)	(953)	-	10,636
Sale of common stock through employee stock option and purchase plans	96	1	1,067	-	-	-	-	-	1,068
Amortization of restricted stock to compensation expense	-	-	-	-	-	-	-	66	66
Balance at May 3, 1998	24,397	$244	$86,196	$111,198	$2,565	$(2,275)	$290	$(183)	$197,745
Six Months Ended May 2, 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	-	-	-	2,685	-	-	-	-	2,685
Change in unrealized gains on investments	-	-	-	-	2,617	-	2,617	-	2,617
Foreign currency translation adjustment	-	-	-	-	-	(939)	(939)	-	(939)
Total comprehensive income	-	-	-	2,685	2,617	(939)	1,678	-	4,363
Sale of common stock through employee stock option and purchase plans	141	1	2,281	-	-	-	-	-	2,282
Common stock repurchases	(500)	(5)	(6,895)	-	-	-	-	-	(6,900)
Amortization of restricted stock to compensation expense	-	-	-	-	-	-	-	44	44
Balance at May 2, 1999	23,805	$238	$77,763	$122,776	$3,784	$(4,247)	$(463)	$(95)	$200,219

See accompanying notes to Condensed Consolidated Financial Statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

Three and Six Months Ended May 2, 1999 and May 3, 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 and six month periods ended May 2, 1999 are not necessarily indicative of the results that may be expected for the year ending October 31, 1999. Certain amounts in the condensed consolidated financial statements for prior periods have been reclassified to conform to the current presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the 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 and six months ended May 2, 1999 and May 3, 1998 is as follows (in thousands, except per share amounts):

	Net Income	Average Shares Outstanding	Earnings Per Share
Three Months			
1999:			
Basic	$ 2,068	23,939	$ 0.09
Effect of potential dilution from exercise of stock options and conversion of notes (a)	-	-	
Diluted	$ 2,068	23,939	$ 0.09
1998:			
Basic	$ 5,309	24,355	$ 0.22
Effect of potential dilution from exercise of stock options and conversion of notes	987	4,846	
Diluted	$ 6,296	29,201	$ 0.22

	Net Income	Average Shares Outstanding	Earnings Per Share
Six Months			
1999:			
Basic	$ 2,685	24,021	$ 0.11
Effect of potential dilution from exercise of stock options and conversion of notes (a)	-	-	
Diluted	$ 2,685	24,021	$ 0.11
1998:			
Basic	$11,589	24,328	$ 0.48
Effect of potential dilution from exercise of stock options and conversion of notes	2,024	4,767	
Diluted	$13,613	29,095	$ 0.47

(a) The effect of the exercise of stock options and the conversion of notes for the three and six months ended May 2, 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 affect the operating results for the six months ended May 2, 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 other 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/(loss) was $4,221 and ($1,106) for the six month periods ended May 2, 1999 and May 3, 1998, respectively.

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

Material Changes in Results of Operations
Three and Six Months ended May 2, 1999 versus May 3, 1998

The changes in Photronics, Inc. ("the Company") results of operations for the three and six months ended May 2, 1999 as compared to the same periods during the prior fiscal year were primarily attributable to a slow-down experienced by the semiconductor industry which began impacting the Company during the third quarter of 1998. This 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 increase in capability which resulted in higher fixed costs, accounted for the majority of the decrease in operating income.

Net sales for the three and six months ended May 2, 1999 decreased 12.2% to $53.8 million and 9.4% to $101.6 million, respectively, compared with $61.3 million and $112.2 million for the corresponding prior year periods. The decrease for the three and six months ended May 2, 1999 resulted primarily from lower average selling prices partially offset by an increase in unit volumes. As a result of the Company's globalization, sales outside of the U.S increased to approximately 23% of net sales for the three and six months ended May 2, 1999, compared with approximately 19% and 20% in the corresponding prior year periods.

Cost of sales for the three and six months ended May 2, 1999, increased 1.6% to $38.2 million, and 6.7% to $73. 4 million, compared with $37.6 million and $68.8 million for the same periods in the prior fiscal year. Gross margins decreased to 29.1% and 27.7% of sales, respectively, compared with 38.7% for both the three and six month periods in the prior year. The gross margin decrease for the three and six months ended May 2, 1999 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 remained flat at $7.7 million and increased 4.7% to $14.9 million for the three and six months ended May 2, 1999, respectively, compared with $7.7 million and $14.3 million for the same periods in the prior fiscal year. As a percentage of net sales, selling, general and administrative expenses increased to 14.2% and 14.7%, respectively, compared to 12.5% and 12.7% for the same periods in the prior fiscal year. The higher year-to-date expenses were due primarily to staffing and other costs associated with the Company's expansion, both domestically and internationally.

Research and development expenses for the three and six months ended May 2, 1999, increased 16.4% to $3.7 million and 18.1% to $7.2 million, respectively, compared with $3.2 million and $6.1 million for the same periods 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 6.8% and 7.1% of net sales for the three and six months ended May 2, 1999, compared to 5.1% and 5.4% in the corresponding prior year periods.

Net other expenses of approximately $1.0 million and $1.7 million for the three and six months ended May 2, 1999 were comprised principally of interest expense on the convertible notes, partially offset by interest and other income earned on investments. This compares to $0.5 million and $0.6 million of net interest and other expenses in the corresponding periods in fiscal 1998, which included higher investment income.

Net income for the three and six months ended May 2, 1999 decreased to $2.1 million and $2.7, respectively, or $0.09 and $0.11 per share on a basic and a diluted basis. These amounts compare to $5.3 million or $0.22 per basic and diluted share, and $11.6 million or $0.48 per basic share and $0.47 per diluted share for the corresponding prior year periods.

LIQUIDITY AND CAPITAL RESOURCES

Photronics' cash and short-term investments decreased $16.6 million during the six months ended May 2, 1999, primarily as a result of capital expenditures for equipment of approximately $45 million. In addition, $6.9 million of cash was utilized to repurchase 500,000 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 approximately $38 million.

Accounts receivable increased 3.6% from November 1, 1998 as a result of increased order activity in the second quarter of 1999 compared with the fourth quarter of 1998. Inventory decreased by 7.4% from the end of last year. Inventory levels at November 1, 1998 were higher as a result of less than expected unit volumes.

Property, plant and equipment increased to $277.3 million at May 2, 1999, from $251.4 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 $5.9 million during the six months ended May 2, 1999, principally due to an increase in the market value of assets available for sale.

Accounts payable and accruals increased 32.6% or $15.8 million from November 1, 1998, principally due to an increase in the accrual of amounts for capital equipment coming due during the period.

Photronics' commitments represent investments in additional manufacturing capacity as well as advanced equipment for the production of high-end, more complex photomasks. At May 2, 1999, Photronics had commitments outstanding for capital expenditures of approximately $52 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 has been reviewing year 2000 compliance with respect to equipment used in the manufacturing process, and the systems used by its customers and suppliers.

The Company estimates that the total cost for all its current software replacement efforts, including becoming Year 2000 compliant, will be approximately $7 million, of which more than 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 4. Submission of Matters to a Vote of Security-Holders

(a) The matters set forth in this Item 4 were submitted to a vote of security holders of the Company at an Annual Meeting of Shareholders held on March 23, 1999.

(b) The following directors, constituting the entire Board of Directors, were elected at the Annual Meeting of Shareholders held on March 23, 1999. Also indicated are the affirmative, negative and authority withheld votes for each director.

	For	Against	Authority Withheld
Walter M. Fiederowicz	22,137,084	-	247,141
Joseph A. Fiorita, Jr.	22,135,819	-	248,406
Constantine S. Macricostas	22,119,375	-	264,850
Michael J. Yomazzo	22,120,420	-	263,805

(c) The following additional matter, and the affirmative and negative votes and abstentions and broker non-votes with respect thereto, was approved at the Annual Meeting of Shareholders held on March 23, 1999.

The ratification of the appointment of Deloitte & Touche LLP as the independent certified public accountants of the Company for the fiscal year ending October 31, 1999:

Affirmative Votes	22,357,537
Negative Votes	7,373
Abstentions/Broker Non-Votes	19,315

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______
Robert J. Bollo
Vice President/Finance
(Duly Authorized Officer and
Principal Financial Officer)

Date: June 11, 1999

5

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.

1000

6-MOS
OCT-31-1999
MAY-02-1999
14,660
112
32,896
235
13,012
70,028
398,442
121,164
386,031
64,482
104,089
0
0
238
199,981
386,031
101,641
101,641
73,438
73,438
0
0
3,017
4,385
1,700
2,685
0
0
0
2,685
0.11
0.11