

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) April 30, 2007

EXACTECH, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction
of incorporation)

0-28240

(Commission File Number)

59-2603930

(IRS Employer Identification
No.)

**2320 NW 66th Court
Gainesville, Florida 32653**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (352) 377-1140

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

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 April 30, 2007, the Company issued a press release reporting its financial results for the quarter ended March 31, 2007. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is hereby incorporated by reference.

Item 7.01. Regulation FD Disclosure.

On April 30, 2007, the Company issued a press release reporting its financial results for the quarter ended March 31, 2007. A copy of the Company's press release is attached hereto as Exhibit 99.1 and is hereby incorporated by reference.

The information in this Form 8-K and the Exhibit attached hereto shall be deemed "furnished" and not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any Company filing under the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

| Exhibit Number | Description |
|---------------------------|---|
| 99.1 | Press release dated April 30, 2007 issued by Exactech, Inc. |

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.

EXACTECH, INC.

Dated: April 30, 2007

By: /s/ Joel C. Phillips
Joel C. Phillips,
Chief Financial Officer



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**News Release:
 FOR IMMEDIATE RELEASE**

Exactech Q1 Revenue Up 16% to \$29.6 M; Net Income Up 19% to \$1.9M or \$0.16 EPS

Company to Hold Conference Call Monday, April 30 at 4:30 p.m. EDT

GAINESVILLE, Fla. -- April 30, 2007 -- Exactech (Nasdaq: EXAC), a developer and producer of bone and joint restoration products, including orthopaedic implants and biologic materials, announced today that revenue for the first quarter of 2007 increased 16% to \$29.6 million, from \$25.4 million in the first quarter of 2006. Net income for the quarter was \$1.9 million, or \$0.16 per diluted share, a gain of 19% from the \$1.6 million, or \$0.14 per diluted share, in the first quarter of 2006.

Exactech Chairman and CEO Bill Petty said, "First quarter results continue to demonstrate growth across all major product lines. Sales from knee systems rose 13% to \$15.7 million from \$13.9 million in the first quarter of 2006, driven by strong market acceptance of our Low Profile Instrumentation system, increased sales of our Hi-Flex® knee system and international growth of the Optetrak® RBK. Hip implant sales grew markedly by 44% to \$5.5 million compared to \$3.8 million a year ago due to strong growth in Novation™ and Connexion GXL™. Revenue from biologics increased 4% to \$3.5 million during the quarter, up from \$3.3 million in Q1 '06 as growth in our dental biologics and Optecure® lines continued.

"These results validate our success in increasing the number and depth of the company's product lines and drove a 15% increase in U.S. sales during the quarter to \$22.7 million from \$19.7 million a year ago. International sales increased 21% to \$6.9 million during the quarter compared to \$5.7 million during the first quarter of 2006. International sales for the quarter represented 23% of total sales, compared with 22% in same quarter last year, as we continued to expand our distribution in Southern Europe and Latin America."

Chief Financial Officer Jody Phillips said, "Our bottom line continued to benefit in the first quarter from a focus on cost reduction that began over a year ago. Net income for the quarter was up 19% to \$1.9 million from \$1.6 million in the same quarter last year, as comparative interest expense aided in net income growth outpacing sales growth. As a percent of sales, net income for the quarter was 6.4% compared to 6.2% in the prior year. Gross margins decreased from 64.7% in Q1 '06 to 63.3% in Q1 '07 primarily as a result of continued strong international sales growth.

"Total operating expenses for the quarter were \$15.3 million, an increase of 14% from \$13.4 million in the comparable period but down as a percent of sales to 51.6% from 52.7% in Q1 '06. Due primarily to increases in auditing fees, general and administrative expenses in the first quarter of '07 were up 16% to \$3.0 million from \$2.6 million during the first quarter of '06. Sales and marketing expenses increased from \$7.9 million in Q1 '06 to \$9.1 million in the most recent quarter, but remained relatively unchanged as a percent of sales year over year. The dollar increase was primarily the result of variable sales commissions associated with increased revenues and two major marketing events during the quarter. Research and development expenses increased 10% to \$1.7 million from \$1.5 million in Q1 '06, reflecting a continuing effort in the development pipeline."

Looking forward, Exactech continues to anticipate revenue for the year 2007 of \$112 million to \$118 million and diluted earnings per share for the year 2007 in the range of \$0.72 to \$0.76. For the second quarter ending June 30, 2007, the company targets revenue in the range of \$28.5 million to \$30.5 million and diluted earnings per share in the range of \$0.19 to \$0.20. The foregoing statements regarding targets for the quarter and the year are forward-looking statements, and actual results may differ materially. These are the company's targets, not predictions of actual performance.

The financial statements are below.

The company has scheduled a conference call with CEO and President William Petty, M.D. and key members of the management team at **4:30 p.m. Eastern Daylight Savings Time on April 30**. The call will cover the company's first quarter results. Petty will open the conference call and a question-and-answer session will follow.

To participate, call **(800) 817-4887 after 4:20 p.m. Eastern on April 30**. International callers should dial **(913) 981-4912**. While in conference, if callers should experience any difficulty or require operator assistance, they can press the (*) followed by the (0) button. This will call an operator to the line.

A live webcast of the call will be available at <http://viaavid.net/dce.aspx?sid=00003DFA>. A podcast will be available approximately 15 minutes after the event ends and can be accessed at <http://viaavid.net/mp3/00003DFA.mp3>. Both will be archived for approximately 90 days.

About Exactech

Based in Gainesville, Fla., Exactech develops and markets orthopaedic implant devices, related surgical instruments and biologic materials and services to hospitals and physicians. The company manufactures many of its orthopaedic devices at its Gainesville facility. Exactech's orthopaedic products are used in the restoration of bones and joints that have deteriorated as a result of injury or diseases such as arthritis. Exactech markets its products in the United States and Australia, in addition to more than 25 countries in Europe, Asia and Latin America. Copies of Exactech's press releases, SEC filings, current price quotes and other valuable information for investors may be found at <http://www.exac.com> and <http://www.hawkassociates.com>.

An investment profile on Exactech may be found at <http://www.hawkassociates.com/exacprofile.aspx>.

Questions should be directed to Frank Hawkins or Julie Marshall of Hawk Associates, Inc. at (305) 451-1888, e-mail: info@hawkassociates.com. To receive future releases in e-mail alerts, sign up at <http://www.hawkassociates.com/email.aspx>.

This release contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which represent the company's expectations or beliefs concerning future events of the company's financial performance. These forward-looking statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include the effect of competitive pricing, the company's dependence on the ability of third party manufacturers to produce components on a basis which is cost-effective to the company, market acceptance of the company's products and the effects of government regulation. Results actually achieved may differ materially from expected results included in these statements.

EXACTECH, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

| | <u>March 31, 2007</u> | <u>December 31, 2006</u> |
|---|---------------------------|------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$1,361 | \$2,006 |
| Accounts receivable (net of allowance of \$705 and \$572) | 20,327 | 17,524 |
| Prepaid expenses and other assets, net | 758 | 1,325 |
| Federal income tax receivable | - | 219 |
| Inventories - current | 41,789 | 38,742 |
| Deferred tax assets | 468 | 271 |
| Total current assets | <u>64,703</u> | <u>60,087</u> |
| PROPERTY AND EQUIPMENT: | | |
| Land | 1,139 | 1,015 |
| Machinery and equipment | 15,129 | 14,851 |
| Surgical instruments | 27,780 | 26,189 |
| Furniture and fixtures | 2,216 | 2,078 |
| Facilities | 11,196 | 10,481 |
| Projects in progress | 16 | - |
| Total property and equipment | <u>57,476</u> | <u>54,614</u> |
| Accumulated depreciation | <u>(23,867)</u> | <u>(22,386)</u> |
| Net property and equipment | <u>33,609</u> | <u>32,228</u> |
| OTHER ASSETS: | | |
| Notes receivable - related party | 3,533 | 2,904 |
| Other investments | 326 | 398 |
| Deferred financing costs and deposits, net | 687 | 694 |
| Non-current inventory | 6,697 | 11,679 |
| Product licenses and designs, net | 958 | 994 |
| Patents and trademarks, net | 3,843 | 3,938 |
| Goodwill | 352 | 352 |
| Total other assets | <u>16,396</u> | <u>20,959</u> |
| TOTAL ASSETS | <u><u>\$114,708</u></u> | <u><u>\$113,274</u></u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$6,471 | \$5,621 |
| Income taxes payable | 1,221 | 113 |
| Accrued expenses and other liabilities | 4,469 | 4,573 |
| Current portion of long-term debt | 1,630 | 1,633 |
| Total current liabilities | <u>13,791</u> | <u>11,940</u> |
| LONG-TERM LIABILITIES: | | |
| Deferred tax liabilities | 2,502 | 2,620 |
| Line of credit | 8,796 | 11,116 |
| Long-term debt, net of current portion | 10,312 | 10,668 |
| Other long-term liabilities | 15 | 7 |
| Total long-term liabilities | <u>21,625</u> | <u>24,411</u> |
| Total liabilities | <u>35,416</u> | <u>36,351</u> |
| SHAREHOLDERS' EQUITY: | | |
| Common stock | 116 | 115 |
| Additional paid-in capital | 25,600 | 25,105 |
| Accumulated other comprehensive loss | (12) | (5) |
| Retained earnings | 53,588 | 51,708 |
| Total shareholders' equity | <u>79,292</u> | <u>76,923</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u><u>\$114,708</u></u> | <u><u>\$113,274</u></u> |

EXACTECH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(Unaudited)

| | Three Month Periods | |
|--|----------------------------|-----------------------|
| | Ended March 31, | |
| | <u>2007</u> | <u>2006</u> |
| NET SALES | \$29,596 | \$25,412 |
| COST OF GOODS SOLD | 10,861 | 8,973 |
| Gross profit | <u>18,735</u> | <u>16,439</u> |
| OPERATING EXPENSES: | | |
| Sales and marketing | 9,116 | 7,886 |
| General and administrative | 2,970 | 2,561 |
| Research and development | 1,699 | 1,541 |
| Depreciation and amortization | 1,482 | 1,411 |
| Total operating expenses | <u>15,267</u> | <u>13,399</u> |
| INCOME FROM OPERATIONS | 3,468 | 3,040 |
| OTHER INCOME (EXPENSE): | | |
| Interest income | 69 | 43 |
| Interest expense | (420) | (496) |
| Foreign currency exchange loss | (21) | (10) |
| Total other expense | <u>(372)</u> | <u>(463)</u> |
| INCOME BEFORE INCOME TAXES | <u>3,096</u> | <u>2,577</u> |
| PROVISION FOR INCOME TAXES | <u>1,144</u> | <u>937</u> |
| INCOME BEFORE EQUITY IN NET LOSS OF OTHER INVESTMENTS | 1,952 | 1,640 |
| EQUITY IN NET LOSS OF OTHER INVESTMENTS | <u>(72)</u> | <u>(64)</u> |
| NET INCOME | <u><u>\$1,880</u></u> | <u><u>\$1,576</u></u> |
| | | |
| BASIC EARNINGS PER SHARE | <u><u>\$0.16</u></u> | <u><u>\$0.14</u></u> |
| | | |
| DILUTED EARNINGS PER SHARE | <u><u>\$0.16</u></u> | <u><u>\$0.14</u></u> |
| | | |
| SHARES - BASIC | 11,534 | 11,375 |
| SHARES - DILUTED | 11,785 | 11,596 |