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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 and Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2008

**EXACTECH, INC.**

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(Exact Name of Registrant as Specified in Its Charter)

<b>Florida</b>	<b>0-28240</b>	<b>59-2603930</b>
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

**2320 NW 66<sup>th</sup> Court**  
**Gainesville, Florida 32653**

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(Address of Principal Executive Office)

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

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

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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**

See disclosure set forth in Item 7.01 to this Current Report on Form 8-K.

## **Item 7.01. Regulation FD Disclosure.**

On July 30, 2008, Exactech, Inc. (the “Company”) issued a press release disclosing certain financial information about the Company. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is hereby incorporated by reference in this Item 7.01.

The press release attached as an exhibit to this report contains various “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company’s expectations or beliefs concerning future events, including, but not limited to, statements regarding levels of and expected growth in sales of the Company’s products. When used in the press release and this report, the terms “anticipate,” “believe,” “estimate,” “expect” and “intend” and words or phrases of similar import, as they relate to the Company or its subsidiaries or its management, are intended to identify forward-looking statements. 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, without limitation, the effect of competitive pricing, the Company’s dependence on the ability of its third-party suppliers to produce components on a cost-effective basis to the Company, market acceptance of the Company’s products, the outcome of litigation, the availability of third-party reimbursement for the Company’s products, high inventory maintenance requirements, the Company’s ability to protect its intellectual property, dedication of substantial resources towards research and development efforts, product liability risks and the effects of governmental regulation. Results actually achieved may differ materially from expected results included in these statements as a result of these or other factors, including those factors discussed under “Risk Factors” set forth in Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007. Exactech undertakes no obligation to update, and the Company does not have a policy of updating or revising, these forward-looking statements. The information in this report will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD. The furnishing of this information is not intended to, and does not, constitute a determination or admission by the Company that such information is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

The information contained in Items 2.02 and 7.01 to this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing by the Company under the Securities Act of 1933, as amended.

## **Item 9.01. Financial Statements and Exhibits.**

### **(d) Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by the Company on July 30, 2008.

**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.

**EXACTECH, INC.**

Date: July 30, 2008

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

## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release issued by the Company on July 30, 2008.



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**News Release:  
 FOR IMMEDIATE RELEASE**

## **Exactech Q2 Revenue Up 38% to \$43.7M; Net Income \$3.0M vs \$1.4M**

### ***YTD Revenue Up 37% to \$83.5M***

**GAINESVILLE, Fla. -- July 30, 2008 --** Exactech, Inc. (Nasdaq: EXAC), a developer and producer of bone and joint restoration products for hip, knee, shoulder, spine and biologic materials, announced today that revenue for the second quarter of 2008 increased 38% to \$43.7 million from \$31.6 million in the second quarter of 2007. Diluted earnings per share for the quarter was \$0.24 based on net income of \$3.0 million. This compares with net income of \$1.4 million or \$0.12 diluted EPS a year ago.

#### **Second Quarter Highlights and Segment Performance**

- Second quarter revenue increased 38% to \$43.7 million
- Organic growth, excluding acquisitions and distribution terminations, was 28%
- Net income increased 115% to \$3.0 million
- Knee implant revenue increased 21% to \$20.5 million
- Hip implant revenue increased 4% to \$5.7 million
- Biologic services revenue increased 21% to \$4.7 million
- Shoulder implant revenue increased 69% to \$3.9 million
- Sales of spinal products from our acquisition were \$1.9 million
- Other revenue of \$8.9 million included revenue from the French distributor acquisition
- Exactech was added to the Russell 3000 Index June 30, 2008

Exactech's second quarter 2007 net income included an impairment charge of \$1.5 million. Excluding this charge, the second quarter 2008 diluted earnings per share was \$0.24 compared to \$0.20 in the second quarter of 2007.

For the first six months of 2008 revenue was \$83.5 million, an increase of 37% over \$61.2 million for the comparable period last year. Net income for the first six months of 2008 was up 78% at \$5.8 million compared to \$3.3 million for the first six months of 2007, including the second quarter 2007 impairment charge of \$1.5 million.

Exactech Chairman and CEO Bill Petty said, "This was a good quarter for Exactech. Our robust sales reflected strong organic growth, good performance from our newly acquired French distributor, and contribution from Exactech Spine. Sales of knee products, our largest business segment, were the strong driver in the quarter, up 21% to \$20.5 million from \$16.9 million during the second quarter of 2007. Our hip implant sales for the second quarter were \$5.7 million, a 4% increase from revenue of \$5.4 million in the second quarter of 2007. We saw excellent performance from our biologic and shoulder segments. Biologic services revenue was up 21% to \$4.7 million from \$3.9 million in the same quarter last year, and shoulder implant revenue increased 69% to \$3.9 million from \$2.3 million in the second quarter of 2007, as the demand continues to build for our Equinoxe<sup>®</sup> reverse shoulder products."

Exactech President David Petty said, "U.S. sales grew 24% to \$28.8 million from \$23.3 million in the comparable quarter in 2007. Our international business received a boost from the contributions of our European distributor start-ups, with second quarter sales increasing 79% to \$14.9 million from \$8.3 million in the second quarter of 2007. International sales for the quarter represented 34% of total sales, compared with 26% in the same quarter last year."

Chief Financial Officer Jody Phillips said, "Gross margin percentage for the quarter was 62.6% compared to 62.7% for the comparable quarter last year but was ahead of our expectations due to higher manufacturing volumes. Total operating expenses in the quarter were \$21.8 million, up 26% from \$17.3 million in the comparable quarter last year. The significant increase in operating expenses was primarily due to the addition of the distribution costs from acquisitions and higher legal expenses. We are encouraged that we were successful in improving the capitalization of the company by enhancing our revolving credit facility and completing an additional equity offering during the quarter."

Looking forward, the company said it anticipates 32% to 36% revenue growth for the full year 2008, targeting a range of \$164 million to \$169 million and diluted earnings per share for the year 2008 in the range of \$0.94 to \$0.98. For the third quarter ending September 30, 2008, the company targets 23% to 33% revenue growth to the range of \$37 million to \$40 million and diluted earnings per share in the range of \$0.21 to \$0.23. The foregoing statements regarding targets for the quarter and full year are forward-looking and actual results may differ materially. These are the company's targets, not predictions of actual performance.

Exactech will hold a conference call on **Thursday, July 31 at 10:00 a.m. Eastern Time**. To participate in the call, dial **800-762-8779 any time after 9:50 a.m. Eastern on July 31**. International and local callers should dial **480-248-5081**. While in conference, if callers should require operator assistance, they can press the **star** followed by the **zero** button. This will call an operator to the line.

A live webcast of the call will be available at <http://viavid.net/dce.aspx?sid=000051E5>. A podcast will be available approximately one hour after the event ends and can be accessed at <http://viavid.net/mp3/000051E5.mp3>. Both will be archived for approximately 30 days.

The financial statements follow.

## **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 30 markets in Europe, Asia and Latin America. Additional information about Exactech, Inc. can be found at <http://www.exac.com>. 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> <http://www.hawkassociates.com>.

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

Investors may contact Chief Financial Officer Jody Phillips at 352-377-1140 or Julie Marshall or Frank Hawkins, Hawk Associates Inc., at 305-451-1888, e-mail: [exactech@hawkassociates.com](mailto:exactech@hawkassociates.com). To receive future releases in e-mail alerts, sign up at <http://www.hawkassociates.com/about/alert>.

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**  
(in thousands)

	<u>(unaudited)</u> <u>June 30,</u> <u>2008</u>	<u>(audited)</u> <u>December 31,</u> <u>2007</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,265	\$ 2,038
Accounts receivable, net of allowances of \$822 and \$663	33,658	23,106
Prepaid expenses and other assets, net	2,019	1,185
Income taxes receivable	1,356	27
Inventories	54,617	44,201
Deferred tax assets	464	306
Total current assets	96,379	70,863
PROPERTY AND EQUIPMENT:		
Land	1,242	1,140
Machinery and equipment	20,094	17,364
Surgical instruments	33,369	29,165
Furniture and fixtures	2,625	2,366
Facilities	13,377	12,312
Projects in process	844	609
Total property and equipment	71,551	62,956
Accumulated depreciation	(29,729)	(26,649)
Net property and equipment	41,822	36,307
OTHER ASSETS:		
Notes receivable – related party	—	4,394
Deferred financing, net and other non-current assets	2,039	1,041
Other investments	1,172	(37)
Product licenses and designs, net	7,748	1,355
Patents and trademarks, net	2,435	2,184
Goodwill	8,101	352
Total other assets	21,495	9,289
<b>TOTAL ASSETS</b>	<b>\$ 159,696</b>	<b>\$ 116,459</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,585	\$ 9,423
Income taxes payable	—	103
Accrued expenses and other liabilities	10,329	5,995
Current portion of long-term debt	1,556	1,646
Total current liabilities	26,470	17,167
LONG-TERM LIABILITIES:		
Deferred tax liabilities	950	2,505
Line of credit	7,100	—
Long-term debt, net of current portion	8,395	9,025
Other long-term liabilities	786	124
Total long-term liabilities	17,231	11,654
Total liabilities	43,701	28,821
SHAREHOLDERS' EQUITY:		
Common stock	126	116
Additional paid-in capital	49,811	27,388
Accumulated other comprehensive loss	21	(57)
Retained earnings	66,037	60,191
Total shareholders' equity	115,995	87,638
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 159,696</b>	<b>\$ 116,459</b>

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

	Three Month Periods Ended June 30,		Six Month Periods Ended June 30,	
	2008	2007	2008	2007
NET SALES	\$ 43,695	\$ 31,559	\$ 83,486	\$ 61,155
COST OF GOODS SOLD	<u>16,356</u>	<u>11,760</u>	<u>31,122</u>	<u>22,621</u>
Gross profit	27,339	19,799	52,364	38,534
OPERATING EXPENSES:				
Sales and marketing	13,233	9,299	25,568	18,415
General and administrative	4,307	2,936	8,245	5,906
Research and development	2,391	2,011	4,942	3,710
Impairment loss	—	1,519	—	1,519
Depreciation and amortization	1,886	1,533	3,612	3,015
Total operating expenses	<u>21,817</u>	<u>17,298</u>	<u>42,367</u>	<u>32,565</u>
INCOME FROM OPERATIONS	<u>5,522</u>	<u>2,501</u>	<u>9,997</u>	<u>5,969</u>
OTHER INCOME (EXPENSE):				
Interest income	—	85	3	154
Other income	—	—	485	—
Interest expense	(304)	(347)	(599)	(767)
Foreign currency exchange gain (loss)	2	(27)	(52)	(48)
Total other expenses	<u>(302)</u>	<u>(289)</u>	<u>(163)</u>	<u>(661)</u>
INCOME BEFORE INCOME TAXES	<u>5,220</u>	<u>2,212</u>	<u>9,834</u>	<u>5,308</u>
PROVISION FOR INCOME TAXES	<u>2,178</u>	<u>692</u>	<u>3,890</u>	<u>1,836</u>
INCOME BEFORE EQUITY IN NET LOSS OF OTHER INVESTMENTS	3,042	1,520	5,944	3,472
EQUITY IN NET LOSS OF OTHER INVESTMENTS	—	(107)	(98)	(179)
NET INCOME	<u>\$ 3,042</u>	<u>\$ 1,413</u>	<u>\$ 5,846</u>	<u>\$ 3,293</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.25</u>	<u>\$ 0.12</u>	<u>\$ 0.49</u>	<u>\$ 0.29</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.24</u>	<u>\$ 0.12</u>	<u>\$ 0.47</u>	<u>\$ 0.28</u>
SHARES - BASIC	12,207	11,540	11,947	11,547
SHARES - DILUTED	12,676	11,793	12,402	11,799

Adjusted net income and diluted earnings per share to exclude the effect of the asset impairment charge:

Net Income	\$ 1,413	\$ 3,293
Adjustments for impairment charges		
Impairment loss, pre-tax	1,519	1,519
Income tax benefit	542	542
	<u>977</u>	<u>977</u>
Adjusted net income - excluding impairment charge	<u>\$ 2,390</u>	<u>\$ 4,270</u>
Diluted earnings per share	\$ 0.12	\$ 0.28
Adjustment of impairment charge, net	0.08	0.08
Adjusted diluted earnings per share	<u>\$ 0.20</u>	<u>\$ 0.36</u>