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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

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**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): October 25, 2005**

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**IRIDEX CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction  
of incorporation)

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**0-27598**

(Commission File Number)

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**77-0210467**

(IRS Employer  
Identification No.)

**1212 Terra Bella Avenue  
Mountain View, California 94043**

(Address of principal executive offices, including zip code)

**(650) 940-4700**

(Registrant's telephone number, including area code)

(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 (see General Instruction A.2. below):

- 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.**

On October 25, 2005, the Registrant reported its results of operations for its third fiscal quarter of 2005, which ended on October 1, 2005. A copy of the press release issued by the Registrant concerning the Registrant's results of operations for its third fiscal quarter of 2005, which ended on October 1, 2005, is furnished as Exhibit 99.1 and is incorporated herein by reference.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated October 25, 2005.

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**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.

**IRIDEX CORPORATION**

By: /s/ LARRY TANNENBAUM

**Larry Tannenbaum**  
**Chief Financial Officer, Secretary and**  
**Senior Vice President of Finance and**  
**Administration**

Date: **October 25, 2005**

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**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release dated October 25, 2005.

For Immediate Release

Contact: Larry Tannenbaum  
Chief Financial Officer  
650-940-4700**UPDATED IRIDEX REPORTS STRONG THIRD QUARTER  
FINANCIAL RESULTS*****Revenue Grows 11%, EPS of \$0.11***

MOUNTAIN VIEW, CA, OCTOBER 25, 2005—IRIDEX Corporation (Nasdaq/NMS: IRIX) today reported strong financial results for the quarter ended October 1, 2005. Revenue for the period was \$9.1 million, an 11% increase from the \$8.2 million reported for the third quarter of 2004. The Company achieved net income of \$879,000 or \$0.11 per diluted share for the third quarter of 2005 compared with a loss of \$720,000 or a loss of \$0.10 per diluted share in the third quarter of 2004.

Revenue for the nine-month period ended October 1, 2005 was \$26.6 million, a 12% improvement compared with the \$23.7 million reported during the same period of 2004. Net income for the nine-month period ended October 1, 2005 was \$1.3 million or \$0.16 per diluted share compared with a net loss of \$604,000 or a loss of \$0.08 per diluted share during the comparable period of 2004.

Net income in the third quarter and nine-month period ended October 1, 2005 includes a benefit of approximately \$0.04 per share from the adjustment to certain tax reserves following the expiration of Federal and State statutes of limitations. Net income in the third quarter and comparable nine-month period of 2004 included a one-time charge of approximately \$1.2 million (or \$0.09 per share tax effected) to establish a reserve for state sales taxes.

Ophthalmology sales grew to \$7.9 million for the third quarter of 2005, an increase of 10% compared with \$7.2 million for the third quarter of 2004. Dermatology sales grew to \$1.2 million for the third quarter of 2005, up from \$1.0 million for the corresponding quarter in 2004. During the third quarter of 2005, strong sales growth was seen both domestically and internationally, with domestic sales growing to \$5.8 million, a 12% increase compared with \$5.2 million for the third quarter of 2004, and international sales growing to \$3.3 million, a 9% increase compared with \$3.0 million for the third quarter of 2004. Since international sales are denominated in US dollars, foreign currency fluctuations had no material impact on sales growth.

“Our strong financial performance during the third quarter of 2005 was driven by year-over-year growth in all of our business segments,” said Barry G. Caldwell, IRIDEX President and CEO. “We were pleased to see gross margin reaching 53.7% for the quarter. This improvement in our gross margin was fueled primarily by atypically high gross margins on certain OEM ophthalmology products as well as our increasing recurring revenue stream of disposable and service products. While we believe that in the next few years IRIDEX can achieve the type

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of operating efficiencies necessary to consistently reach the level of gross margin reported this quarter, we expect the fourth quarter gross margin to be approximately 3 to 5 percentage points below the level achieved during the third quarter and expect the 2006 gross margin to be slightly better than long-term historical levels.”

Mr. Caldwell further commented, “During the quarter, we continued to build our management team. Don Todd, who has more than 25 years of experience in medical device marketing, joined us to lead our marketing efforts. In addition, we’ve begun to implement our strategy of building disposable and services revenues by taking aggressive action to protect our strong intellectual property positions. We’re pursuing a three-pronged strategy to achieve our goal of \$100 million in profitable revenues before the end of the decade by maximizing the potential of our existing core business, pursuing the internal development of innovative, new and incremental products, and making strategic acquisitions. Looking ahead, we continue to expect to generate sales for the full year in the range of \$36 million to \$38 million and earnings per share of approximately \$0.20.”

Cash, cash equivalents and available-for-sale securities as of October 1, 2005 were \$20.1 million compared with \$18.0 million at January 1, 2005. Inventories increased to \$9.3 million at the end of the third quarter of 2005, up from \$8.9 million at January 1, 2005. Inventory turns at the end of the third quarter of 2005 were approximately 1.8 times. At the end of the third quarter of 2005, accounts receivable was \$6.9 million, resulting in day sales outstanding (DSO) of 70 days.

### **Conference Call**

IRIDEX management will conduct a conference call tomorrow, Wednesday, October 26<sup>th</sup> at 9:00 a.m. EDT. Interested parties may access the live conference call via telephone by dialing 800-561-2731 US or 617-614-3528 International and entering Passcode 19986382 or by visiting the Company’s website at [www.iredex.com](http://www.iredex.com). A telephone replay will be available beginning on October 26, 2005 through November 2, 2005 by dialing 888-286-8010 US or 617-801-6888 International and entering Passcode 82049304. In addition, an archived version of the webcast will be available beginning October 26, 2005 on the Company’s website at [www.iredex.com](http://www.iredex.com).

### **About IRIDEX**

IRIDEX Corporation is a leading worldwide provider of semiconductor-based laser systems for the ophthalmology and dermatology markets. IRIDEX products are sold in the United States through a direct sales force and internationally through a network of independent distributors into more than 100 countries. For further information, visit the Company’s website at [www.iredex.com](http://www.iredex.com).

### **Safe Harbor Statement**

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Act of 1934, as amended, relating to the Company’s growth prospects, revenues, gross margins, earnings per share, and profitability. Actual results could differ materially from those projected in the forward-looking statements based on,

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among other things, the actual order and shipment rate for the Company's ophthalmology and dermatology product lines, the rate of sales to OEM customers, the rate of growth in sales of disposables and services, the rate of introduction and market acceptance of the Company's products, and the impact of any continuing weakness and uncertainties related to general economic conditions or weakness in overall demand in the Company's markets, especially with regard to the Company's dermatology products which are typically used for elective procedures that can be deferred. Risks and uncertainties to which the Company are subject may include, but may not necessarily be limited to, the amount of orders that the Company receives and ships, dependence on international sales and the Company's network of independent distributors, the risks associated with bringing new products to market, and the results of clinical trials and competition in our markets. Please see a detailed description of these risks contained in our Quarterly Reports on Form 10-Q and Annual Report on Form 10-K for the fiscal year ended January 3, 2004 filed with the Securities and Exchange Commission. Forward-looking statements contained in this announcement are made as of this date and will not be updated.

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**IRIDEX Corporation**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>October 1, 2005</u>	<u>October 2, 2004</u>	<u>October 1, 2005</u>	<u>October 2, 2004</u>
Sales	\$ 9,081	\$ 8,178	\$ 26,613	\$ 23,679
Cost of sales	4,202	4,708	13,511	13,187
Gross profit	<u>4,879</u>	<u>3,470</u>	<u>13,102</u>	<u>10,492</u>
Operating expenses:				
Research and development	1,172	1,025	3,133	3,409
Sales, general and administrative	2,990	3,855	8,852	8,452
Total operating expenses	<u>4,162</u>	<u>4,880</u>	<u>11,985</u>	<u>11,861</u>
Income (loss) from operations	717	(1,410)	1,117	(1,369)
Interest and other income, net	157	83	413	212
Income (loss) before income taxes	874	(1,327)	1,530	(1,157)
Benefit from (provision for) income taxes	5	607	(241)	553
Net income (loss)	<u>\$ 879</u>	<u>(\$720)</u>	<u>\$ 1,289</u>	<u>(\$604)</u>
Net income (loss) per common share — basic	<u>\$ 0.12</u>	<u>(\$0.10)</u>	<u>\$ 0.17</u>	<u>(\$0.08)</u>
Net income (loss) per common share — diluted	<u>\$ 0.11</u>	<u>(\$0.10)</u>	<u>\$ 0.16</u>	<u>(\$0.08)</u>
Shares used in per common share basic calculations	<u>7,441</u>	<u>7,244</u>	<u>7,373</u>	<u>7,171</u>
Shares used in per common share diluted calculations	<u>8,102</u>	<u>7,244</u>	<u>7,885</u>	<u>7,171</u>

**IRIDEX Corporation**  
**Condensed Consolidated Statements of Operations**  
(In thousands)

	<u>October 1,</u> 2005 (unaudited)	<u>January 1,</u> 2005
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 11,055	\$ 10,381
Available-for-sale securities	9,017	3,323
Accounts receivable, net	6,857	7,404
Inventories	9,327	8,922
Prepays and other current assets	763	814
Current deferred income taxes	<u>1,808</u>	<u>1,808</u>
Total current assets	38,827	32,652
Long term portion of available-for-sale securities	—	4,324
Property and equipment, net	845	852
Deferred income taxes	<u>1,265</u>	<u>1,265</u>
Total assets	<u>\$ 40,937</u>	<u>\$ 39,093</u>
<b><u>Liabilities and Stockholders' Equity</u></b>		
Current Liabilities:		
Accounts payable	\$ 1,188	\$ 1,233
Accrued expenses	4,693	5,167
Deferred revenue	<u>1,242</u>	<u>910</u>
Total liabilities	<u>7,123</u>	<u>7,310</u>
Stockholders' Equity:		
Common stock	76	74
Additional paid-in capital	26,030	25,281
Accumulated other comprehensive loss	(44)	(35)
Treasury stock	(430)	(430)
Retained earnings	<u>8,182</u>	<u>6,893</u>
Total stockholders' equity	<u>33,814</u>	<u>31,783</u>
Total liabilities and stockholders' equity	<u>\$ 40,937</u>	<u>\$ 39,093</u>