



NANOMETRICS INCORPORATED 1550 Buckeye Drive Milpitas CA 95035 Tel: 408.435.9600 Fax: 408.232.5910

NANOMETRICS INCORPORATED
CONSOLIDATED BALANCE SHEETS
 (Amounts in thousands except share amounts)
 (Unaudited)

ASSETS	<u>October 2, 2004</u>	<u>January 3, 2004</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,652	\$ 7,949
Short-term investments	17,939	21,943
Accounts receivable, net of allowances of \$581 and \$576	20,948	14,522
Inventories	26,328	24,264
Prepaid expenses and other	<u>863</u>	<u>1,015</u>
Total current assets	78,730	69,693
PROPERTY, PLANT AND EQUIPMENT, Net	48,434	49,738
INTANGIBLE ASSETS	1,017	1,322
OTHER ASSETS	<u>1,217</u>	<u>987</u>
TOTAL	<u>\$ 129,398</u>	<u>\$ 121,740</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,374	\$ 2,047
Accrued payroll and related expenses	2,327	1,593
Deferred revenue	5,085	2,345
Other current liabilities	1,582	1,436
Income taxes payable	1,638	1,528
Current portion of debt obligations	<u>1,238</u>	<u>1,157</u>
Total current liabilities	14,244	10,106
DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES	287	545
DEBT OBLIGATIONS	<u>2,167</u>	<u>2,648</u>
Total liabilities	<u>16,698</u>	<u>13,299</u>
SHAREHOLDERS' EQUITY:		
Common stock, no par value; 50,000,000 shares authorized; 12,366,483 and 12,166,016 outstanding	102,649	101,099
Retained earnings	9,669	7,008
Accumulated other comprehensive income (loss)	<u>382</u>	<u>334</u>
Total shareholders' equity	<u>112,700</u>	<u>108,441</u>
TOTAL	<u>\$ 129,398</u>	<u>\$ 121,740</u>



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NANOMETRICS INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 2, <u>2004</u>	September 27, <u>2003</u>	October 3, <u>2004</u>	September 27, <u>2003</u>
NET REVENUES:				
Product sales	\$ 18,372	\$ 8,514	\$ 44,209	\$ 23,814
Service	<u>1,855</u>	<u>1,617</u>	<u>5,900</u>	<u>5,401</u>
Total net revenues	<u>20,227</u>	<u>10,131</u>	<u>50,109</u>	<u>29,215</u>
COSTS AND EXPENSES:				
Cost of product sales	7,637	4,539	18,962	13,026
Cost of service	2,067	1,425	5,326	4,918
Research and development	3,358	3,357	9,517	10,199
Selling	2,795	2,867	8,952	8,465
General and administrative	<u>1,369</u>	<u>1,130</u>	<u>4,027</u>	<u>3,464</u>
Total costs and expenses	<u>17,226</u>	<u>13,318</u>	<u>46,784</u>	<u>40,072</u>
INCOME (LOSS) FROM OPERATIONS	<u>3,001</u>	<u>(3,187)</u>	<u>3,325</u>	<u>(10,857)</u>
OTHER INCOME (EXPENSE)				
Interest income	69	60	174	230
Interest expense	(28)	(24)	(78)	(71)
Other, net	<u>(109)</u>	<u>208</u>	<u>(294)</u>	<u>176</u>
Total other income, net	<u>(68)</u>	<u>244</u>	<u>(198)</u>	<u>335</u>
INCOME (LOSS) BEFORE INCOME TAXES	2,933	(2,943)	3,127	(10,522)
PROVISION FOR INCOME TAXES	<u>(360)</u>	<u>(53)</u>	<u>(464)</u>	<u>(6,141)</u>
NET INCOME (LOSS)	<u>\$ 2,573</u>	<u>\$ (2,996)</u>	<u>\$ 2,663</u>	<u>\$ (16,663)</u>
NET INCOME (LOSS) PER SHARE:				
Basic	<u>\$ 0.21</u>	<u>\$ (0.25)</u>	<u>\$ 0.22</u>	<u>\$ (1.39)</u>
Diluted	<u>\$ 0.20</u>	<u>\$ (0.25)</u>	<u>\$ 0.20</u>	<u>\$ (1.39)</u>
SHARES USED IN PER SHARE COMPUTATION:				
Basic	<u>12,331</u>	<u>12,033</u>	<u>12,261</u>	<u>12,016</u>
Diluted	<u>12,742</u>	<u>12,033</u>	<u>13,210</u>	<u>12,016</u>