



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	January 1, 2005	January 3, 2004
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,949	\$ 7,949
Short-term investments	17,919	21,943
Accounts receivable, net of allowances of \$603 and \$576	22,222	14,522
Inventories	25,494	24,264
Prepaid expenses and other	944	1,015
Total current assets	82,528	69,693
PROPERTY, PLANT AND EQUIPMENT, Net	49,035	49,738
INTANGIBLE ASSETS	924	1,322
OTHER ASSETS	1,282	987
TOTAL	\$ 133,769	\$ 121,740
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,146	\$ 2,047
Accrued payroll and related expenses	2,206	1,593
Deferred revenue	2,742	2,345
Other current liabilities	1,840	1,436
Income taxes payable	1,515	1,528
Current portion of debt obligations	1,164	1,157
Total current liabilities	12,613	10,106
DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES	930	545
DEBT OBLIGATIONS	2,070	2,648
Total liabilities	15,613	13,299
SHAREHOLDERS' EQUITY:		
Common stock, no par value; 50,000,000 shares authorized; 12,566,636 and 12,166,016 outstanding	104,191	101,099
Retained earnings	12,034	7,008
Accumulated other comprehensive income	1,931	334
Total shareholders' equity	118,156	108,441
TOTAL	\$ 133,769	\$ 121,740



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

	Three Months Ended		Year Ended	
	January 1, <u>2005</u>	January 3, <u>2004</u>	January 1, <u>2005</u>	January 3, <u>2004</u>
NET REVENUES:				
Product sales	\$ 18,702	\$ 10,778	\$ 62,911	\$ 34,592
Service	<u>1,884</u>	<u>1,609</u>	<u>7,784</u>	<u>7,010</u>
Total net revenues	<u>20,586</u>	<u>12,387</u>	<u>70,695</u>	<u>41,602</u>
COSTS AND EXPENSES:				
Cost of product sales	8,593	4,665	27,555	17,691
Cost of service	3,078	1,702	8,404	6,620
Research and development	3,310	3,200	12,827	13,399
Selling	2,490	3,031	11,442	11,496
General and administrative	<u>1,110</u>	<u>1,225</u>	<u>5,137</u>	<u>4,689</u>
Total costs and expenses	<u>18,581</u>	<u>13,823</u>	<u>65,365</u>	<u>53,895</u>
INCOME (LOSS) FROM OPERATIONS	2,005	(1,436)	5,330	(12,293)
OTHER INCOME (EXPENSE)				
Interest income	102	167	276	397
Interest expense	(32)	(25)	(110)	(96)
Other, net	<u>250</u>	<u>209</u>	<u>(44)</u>	<u>385</u>
Total other income, net	<u>320</u>	<u>351</u>	<u>122</u>	<u>686</u>
INCOME (LOSS) BEFORE INCOME TAXES	2,325	(1,085)	5,452	(11,607)
BENEFIT (PROVISION) FOR INCOME TAXES	<u>38</u>	<u>(281)</u>	<u>(426)</u>	<u>(5,860)</u>
NET INCOME (LOSS)	<u>\$ 2,363</u>	<u>\$ (804)</u>	<u>\$ 5,026</u>	<u>\$ (17,467)</u>
NET INCOME (LOSS) PER SHARE:				
Basic	<u>\$ 0.19</u>	<u>\$ (0.07)</u>	<u>\$ 0.41</u>	<u>\$ (1.45)</u>
Diluted	<u>\$ 0.18</u>	<u>\$ (0.07)</u>	<u>\$ 0.38</u>	<u>\$ (1.45)</u>
SHARES USED IN PER SHARE COMPUTATION:				
Basic	<u>12,495</u>	<u>12,122</u>	<u>12,320</u>	<u>12,043</u>
Diluted	<u>13,499</u>	<u>12,122</u>	<u>13,351</u>	<u>12,043</u>