



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

	April 2 2005 <u>(Unaudited)</u>	January 1, 2005 <u>                    </u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 12,296	\$ 15,949
Short-term investments	18,852	17,919
Accounts receivable, net of allowances of \$598 and \$603	27,598	22,222
Inventories	25,422	25,494
Prepaid expenses and other	<u>2,669</u>	<u>944</u>
Total current assets	86,837	82,528
PROPERTY, PLANT AND EQUIPMENT, NET	48,245	49,035
INTANGIBLE ASSETS	848	924
OTHER ASSETS	<u>1,464</u>	<u>1,282</u>
TOTAL	<u>\$ 137,394</u>	<u>\$ 133,769</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 3,275	\$ 3,146
Accrued payroll and related expenses	2,326	2,206
Deferred revenue	4,256	2,742
Other current liabilities	2,564	1,840
Income taxes payable	1,346	1,515
Current portion of debt obligations	<u>792</u>	<u>1,164</u>
Total current liabilities	14,559	12,613
DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES	354	930
DEBT OBLIGATIONS	<u>1,851</u>	<u>2,070</u>
Total liabilities	<u>16,764</u>	<u>15,613</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock, no par value; 50,000,000 shares authorized; 12,584,877 and 12,566,636 outstanding	104,323	104,191
Retained earnings	14,636	12,034
Accumulated other comprehensive income	<u>1,671</u>	<u>1,931</u>
Total shareholders' equity	<u>120,630</u>	<u>118,156</u>
TOTAL	<u>\$ 137,394</u>	<u>\$ 133,769</u>

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

	Three Months Ended	
	April 2, 2005	April 3, 2004
NET REVENUES:		
Product sales	\$ 21,166	\$ 11,663
Service	<u>2,325</u>	<u>2,008</u>
Total net revenues	<u>23,491</u>	<u>13,671</u>
COSTS AND EXPENSES:		
Cost of product sales	9,750	5,403
Cost of service	2,573	1,611
Research and development	3,179	3,489
Selling	3,145	3,066
General and administrative	<u>1,998</u>	<u>1,295</u>
Total costs and expenses	<u>20,645</u>	<u>14,864</u>
INCOME (LOSS) FROM OPERATIONS	<u>2,846</u>	<u>(1,193)</u>
OTHER INCOME (EXPENSE):		
Interest income	130	56
Interest expense	(18)	(29)
Other, net	<u>(270)</u>	<u>(3)</u>
Total other income (expense), net	<u>(158)</u>	<u>24</u>
INCOME (LOSS) BEFORE INCOME TAXES	2,688	(1,169)
PROVISION FOR INCOME TAXES	<u>(83)</u>	<u>(43)</u>
NET INCOME (LOSS)	<u>\$ 2,605</u>	<u>\$ (1,212)</u>
NET INCOME (LOSS) PER SHARE:		
Basic	<u>\$ 0.21</u>	<u>\$ (0.10)</u>
Diluted	<u>\$ 0.19</u>	<u>\$ (0.10)</u>
SHARES USED IN PER SHARE COMPUTATION:		
Basic	<u>12,575</u>	<u>12,189</u>
Diluted	<u>13,455</u>	<u>12,189</u>