



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

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

ASSETS	July 2, 2005	January 1, 2005
CURRENT ASSETS:		
Cash and cash equivalents	\$ 26,319	\$ 15,949
Short-term investments	18,848	17,919
Accounts receivable, net of allowances of \$596 and \$603	24,499	22,222
Inventories	25,421	25,494
Prepaid expenses and other	877	944
Total current assets	95,964	82,528
Property, plant and equipment, net	45,236	49,035
Intangible assets	771	924
Other assets	1,410	1,282
TOTAL	\$ 143,381	\$ 133,769
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,991	\$ 3,146
Accrued payroll and related expenses	2,644	2,206
Deferred revenue	2,798	2,742
Other current liabilities	3,649	1,840
Income taxes payable	1,106	1,515
Current portion of debt obligations	2,248	1,164
Total current liabilities	15,436	12,613
Deferred income taxes and other long-term liabilities	118	930
Debt obligations	1,668	2,070
Total liabilities	17,222	15,613
 SHAREHOLDERS' EQUITY:		
Common stock, no par value; 50,000,000 shares authorized; 12,762,007 and 12,566,636 outstanding	105,494	104,191
Retained earnings	19,371	12,034
Accumulated translation adjustment	1,294	1,931
Total shareholders' equity	126,159	118,156
TOTAL	\$ 143,381	\$ 133,769



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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 2, 2005</u>	<u>July 3, 2004</u>	<u>July 2, 2005</u>	<u>July 3, 2004</u>
NET REVENUES:				
Product sales	\$ 16,654	\$ 14,174	\$ 37,820	\$ 25,837
Service	<u>2,170</u>	<u>2,037</u>	<u>4,495</u>	<u>4,045</u>
Total net revenues	<u>18,824</u>	<u>16,211</u>	<u>42,315</u>	<u>29,882</u>
COSTS AND EXPENSES:				
Cost of product sales	8,334	5,922	18,084	11,325
Cost of service	2,608	1,648	5,181	3,259
Research and development	3,656	2,670	6,835	6,159
Selling	2,824	3,091	5,969	6,157
General and administrative	2,400	1,363	4,398	2,658
Asset impairment	2,232	—	2,232	—
Merger termination fee	<u>(8,300)</u>	<u>—</u>	<u>(8,300)</u>	<u>—</u>
Total costs and expenses	<u>13,754</u>	<u>14,694</u>	<u>34,399</u>	<u>29,558</u>
INCOME FROM OPERATIONS	5,070	1,517	7,916	324
OTHER INCOME (EXPENSE):				
Interest income	193	49	323	105
Interest expense	(17)	(21)	(35)	(50)
Other, net	<u>(206)</u>	<u>(182)</u>	<u>(476)</u>	<u>(185)</u>
Total other income, net	<u>(30)</u>	<u>(154)</u>	<u>(188)</u>	<u>(130)</u>
INCOME BEFORE INCOME TAXES	5,040	1,363	7,728	194
PROVISION FOR INCOME TAXES	<u>(308)</u>	<u>(61)</u>	<u>(391)</u>	<u>(104)</u>
NET INCOME	<u>\$ 4,732</u>	<u>\$ 1,302</u>	<u>\$ 7,337</u>	<u>\$ 90</u>
NET INCOME PER SHARE:				
Basic	<u>\$ 0.37</u>	<u>\$ 0.11</u>	<u>\$ 0.58</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.10</u>	<u>\$ 0.55</u>	<u>\$ 0.01</u>
SHARES USED IN PER SHARE COMPUTATION:				
Basic	<u>12,629</u>	<u>12,262</u>	<u>12,602</u>	<u>12,226</u>
Diluted	<u>13,374</u>	<u>13,292</u>	<u>13,414</u>	<u>13,445</u>