



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

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

ASSETS	December 31, <u>2005</u>	January 1, <u>2005</u> <i>As restated</i>
Current assets:		
Cash and cash equivalents	\$ 40,445	\$ 15,949
Short-term investments	4,949	17,919
Accounts receivable, net of allowances of \$592 and \$603	18,983	22,222
Inventories	25,656	25,494
Prepaid expenses and other	<u>1,259</u>	<u>944</u>
Total current assets	91,292	82,528
Property, plant and equipment, net	42,928	49,035
Intangible assets	639	924
Other assets	<u>1,441</u>	<u>1,282</u>
Total assets	<u>\$ 136,300</u>	<u>\$ 133,769</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	\$ 1,186	\$ -
Accounts payable	3,348	3,146
Accrued payroll and related expenses	1,540	2,512
Deferred revenue	3,448	3,506
Other current liabilities	3,869	2,097
Income taxes payable	770	1,515
Current portion of debt obligations	<u>400</u>	<u>1,164</u>
Total current liabilities	14,561	13,940
Deferred income taxes and other long-term liabilities	-	930
Debt obligations	<u>1,396</u>	<u>2,070</u>
Total liabilities	<u>15,957</u>	<u>16,940</u>
Shareholders' equity		
Common stock, no par value; 50,000,000 shares authorized; 12,990,894 and 12,566,636 outstanding	107,294	104,191
Retained earnings	12,218	10,707
Accumulated other comprehensive income	<u>831</u>	<u>1,931</u>
Total shareholders' equity	<u>120,343</u>	<u>116,829</u>
Total liabilities and shareholders' equity	<u>\$ 136,300</u>	<u>\$ 133,769</u>



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

	Three Months Ended		Year Ended	
	December 31, <u>2005</u>	January 1, <u>2005</u> <i>As restated</i>	December 31, <u>2005</u>	January 1, <u>2005</u> <i>As restated</i>
Net revenues:				
Products	\$ 11,695	\$ 18,476	\$ 61,012	\$ 62,147
Service	<u>2,530</u>	<u>1,884</u>	<u>9,531</u>	<u>7,784</u>
Total net revenues	<u>14,225</u>	<u>20,360</u>	<u>70,543</u>	<u>69,931</u>
Costs and expenses:				
Cost of products	4,745	8,585	29,173	27,812
Cost of service	2,886	3,078	10,695	8,404
Research and development	2,407	3,310	12,533	12,827
Selling	2,556	2,505	10,945	11,748
General and administrative	4,135	1,110	11,882	5,137
Merger termination fee	-	-	(8,300)	-
Asset impairment	<u>-</u>	<u>-</u>	<u>2,232</u>	<u>-</u>
Total costs and expenses	<u>16,729</u>	<u>18,588</u>	<u>69,160</u>	<u>65,928</u>
Income (loss) from operations	(2,504)	1,772	1,383	4,003
Other income (expense):				
Interest income	387	102	998	276
Interest expense	(38)	(32)	(73)	(110)
Other, net	<u>(85)</u>	<u>250</u>	<u>(579)</u>	<u>(44)</u>
Total other income, net	<u>264</u>	<u>320</u>	<u>346</u>	<u>122</u>
Income (loss) before income taxes	(2,240)	2,092	1,729	4,125
Provision (benefit) for income taxes	<u>(180)</u>	<u>(38)</u>	<u>218</u>	<u>426</u>
Net income (loss)	<u>\$ (2,060)</u>	<u>\$ 2,130</u>	<u>\$ 1,511</u>	<u>\$ 3,699</u>
Net income (loss) per share:				
Basic	<u>\$ (0.16)</u>	<u>\$ 0.17</u>	<u>\$ 0.12</u>	<u>\$ 0.30</u>
Diluted	<u>\$ (0.16)</u>	<u>\$ 0.16</u>	<u>\$ 0.11</u>	<u>\$ 0.28</u>
Shares used in per share computation:				
Basic	<u>12,981</u>	<u>12,495</u>	<u>12,760</u>	<u>12,320</u>
Diluted	<u>12,981</u>	<u>13,499</u>	<u>13,471</u>	<u>13,364</u>