

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

ASSETS	<u>June 30,</u> <u>2007</u>	<u>December 30,</u> <u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 15,387	\$ 7,957
Accounts receivable, net of allowances of \$573 and \$841	27,056	24,888
Inventories	33,118	43,601
Prepaid expenses and other	4,279	3,639
Assets held for sale	<u>1,890</u>	<u>-</u>
Total current assets	81,730	80,085
Property, plant and equipment, net	46,479	43,294
Goodwill	54,922	55,217
Intangible assets, net	24,370	27,583
Other assets	<u>1,643</u>	<u>1,985</u>
Total assets	<u>\$ 209,144</u>	<u>\$ 208,164</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,245	\$ 9,155
Accounts payable to related party	-	181
Accrued payroll and related expenses	5,489	5,227
Deferred revenue and product margin	4,958	6,239
Other current liabilities	9,577	8,381
Income taxes payable	390	695
Current portion of debt obligations	<u>1,311</u>	<u>486</u>
Total current liabilities	32,970	30,364
Deferred income taxes	1,553	1,848
Debt obligations	<u>205</u>	<u>1,321</u>
Total liabilities	34,728	33,533
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; and; 18,646,733 and 18,141,589, respectively, outstanding	19	18
Additional paid-in capital	186,531	182,096
Accumulated deficit	(14,650)	(9,909)
Accumulated other comprehensive income	<u>2,516</u>	<u>2,426</u>
Total stockholders' equity	<u>174,416</u>	<u>174,631</u>
Total liabilities and stockholders' equity	<u>\$ 209,144</u>	<u>\$ 208,164</u>

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

	Three Months Ended		Six Months Ended	
	June 30,	July 1,	June 30,	July 1,
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net revenues:				
Products	\$ 32,732	\$ 20,121	\$ 65,258	\$ 36,093
Service	<u>4,603</u>	<u>3,277</u>	<u>9,192</u>	<u>6,273</u>
Total net revenues	<u>37,335</u>	<u>23,398</u>	<u>74,450</u>	<u>42,366</u>
Costs of revenues:				
Products	16,372	10,628	33,855	18,470
Service	<u>4,839</u>	<u>4,026</u>	<u>10,668</u>	<u>6,560</u>
Total costs of net revenues	<u>21,211</u>	<u>14,654</u>	<u>44,523</u>	<u>25,030</u>
Gross profit	16,124	8,744	29,927	17,336
Operating expenses:				
Research and development	4,739	3,062	9,325	5,590
Selling	4,668	3,865	10,033	6,955
General and administrative	4,762	4,306	11,755	8,856
Amortization of intangible assets	<u>1,663</u>	<u>159</u>	<u>3,212</u>	<u>238</u>
Total operating expenses	<u>15,832</u>	<u>11,392</u>	<u>34,325</u>	<u>21,639</u>
Income (loss) from operations	292	(2,648)	(4,398)	(4,303)
Other income (expense):				
Interest income	29	299	52	631
Interest expense	(46)	(18)	(85)	(31)
Other, net	<u>(541)</u>	<u>238</u>	<u>(422)</u>	<u>273</u>
Total other income (expense), net	<u>(558)</u>	<u>519</u>	<u>(455)</u>	<u>873</u>
Loss before provision for income taxes	(266)	(2,129)	(4,853)	(3,430)
Provision (benefit) for income taxes	<u>(136)</u>	<u>27</u>	<u>(112)</u>	<u>48</u>
Net loss	<u>\$ (130)</u>	<u>\$ (2,156)</u>	<u>\$ (4,741)</u>	<u>\$ (3,478)</u>
Net loss per share:				
Basic	<u>\$ (0.01)</u>	<u>\$ (0.16)</u>	<u>\$ (0.27)</u>	<u>\$ (0.27)</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ (0.16)</u>	<u>\$ (0.27)</u>	<u>\$ (0.27)</u>
Shares used in per share computation:				
Basic	<u>17,857</u>	<u>13,088</u>	<u>17,758</u>	<u>13,053</u>
Diluted	<u>17,857</u>	<u>13,088</u>	<u>17,758</u>	<u>13,053</u>