

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

(Unaudited)

ASSETS	<u>December 29, 2007</u>	<u>December 30, 2006</u>
Current assets:		
Cash and cash equivalents	\$ 14,919	\$ 7,957
Accounts receivable, net of allowances of \$323 and \$841	34,855	24,888
Inventories	33,343	43,601
Inventories - delivered systems	785	4,212
Prepaid expenses and other	<u>2,598</u>	<u>3,639</u>
Total current assets	86,500	84,297
Property, plant and equipment, net	44,419	43,294
Goodwill and indefinite lived intangible asset	52,532	55,217
Intangible assets, net	21,820	27,583
Other assets	<u>1,805</u>	<u>1,985</u>
Total assets	<u>\$ 207,076</u>	<u>\$ 212,376</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	\$ -	\$ -
Accounts payable	13,931	9,155
Accounts payable to related party	-	181
Accrued payroll and related expenses	4,514	5,227
Deferred revenue	2,501	10,451
Other current liabilities	7,243	8,381
Income taxes payable	1,101	695
Current portion of debt obligations	<u>148</u>	<u>486</u>
Total current liabilities	29,438	34,576
Deferred income taxes	382	1,848
Debt obligations and other long term liabilities	<u>1,412</u>	<u>1,321</u>
Total liabilities	31,232	37,745
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; 18,620,682 and 18,141,589, respectively, outstanding	19	18
Additional paid-in capital	187,180	182,096
Accumulated deficit	(13,917)	(9,909)
Accumulated other comprehensive income	<u>2,562</u>	<u>2,426</u>
Total stockholders' equity	<u>175,844</u>	<u>174,631</u>
Total liabilities and stockholders' equity	<u>\$ 207,076</u>	<u>\$ 212,376</u>

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

	Three Months Ended		Year Ended	
	December 29, 2007	December 30, 2006	December 29, 2007	December 30, 2006
Net revenues:				
Products	\$ 27,485	\$ 19,771	\$ 126,049	\$ 80,636
Service	<u>5,708</u>	<u>5,146</u>	<u>20,241</u>	<u>15,738</u>
Total net revenues	<u>33,193</u>	<u>24,917</u>	<u>146,290</u>	<u>96,374</u>
Costs of net revenues:				
Cost of products	13,310	12,611	63,938	44,016
Cost of service	<u>5,258</u>	<u>5,270</u>	<u>20,717</u>	<u>16,610</u>
Total costs of net revenues	<u>18,568</u>	<u>17,881</u>	<u>84,655</u>	<u>60,626</u>
Gross profit	14,625	7,036	61,635	35,748
Operating expenses:				
Research and development	4,591	4,455	18,577	14,253
Selling	4,925	4,943	19,561	16,977
General and administrative	5,166	7,002	21,704	21,305
Amortization of intangible assets	1,285	2,665	5,782	5,338
Restructuring charge	-	-	2,128	-
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>(2,100)</u>	<u>-</u>
Total operating expenses	<u>15,967</u>	<u>19,065</u>	<u>65,652</u>	<u>57,873</u>
Loss from operations	(1,342)	(12,029)	(4,017)	(22,125)
Other income (expense):				
Interest income	81	64	202	851
Interest expense	(70)	(16)	(211)	(60)
Other, net	<u>27</u>	<u>(741)</u>	<u>(13)</u>	<u>(1,116)</u>
Total other income (expense), net	<u>38</u>	<u>(693)</u>	<u>(22)</u>	<u>(325)</u>
Loss before income tax benefit	(1,304)	(12,722)	(4,039)	(22,450)
Income tax benefit	<u>(29)</u>	<u>(639)</u>	<u>(31)</u>	<u>(323)</u>
Net loss	<u>\$ (1,275)</u>	<u>\$ (12,083)</u>	<u>\$ (4,008)</u>	<u>\$ (22,127)</u>
Net loss per share:				
Basic	<u>\$ (0.07)</u>	<u>\$ (0.69)</u>	<u>\$ (0.22)</u>	<u>\$ (1.47)</u>
Diluted	<u>\$ (0.07)</u>	<u>\$ (0.69)</u>	<u>\$ (0.22)</u>	<u>\$ (1.47)</u>
Shares used in per share computation:				
Basic	<u>18,604</u>	<u>17,622</u>	<u>18,099</u>	<u>15,075</u>
Diluted	<u>18,604</u>	<u>17,622</u>	<u>18,099</u>	<u>15,075</u>

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