

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

| ASSETS | <u>March 29, 2008</u> | <u>December 29, 2007</u> |
|--|---------------------------|------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 18,723 | \$ 14,919 |
| Accounts receivable, net of allowances of \$340 and \$323 | 29,854 | 34,855 |
| Inventories | 31,658 | 33,343 |
| Inventories - delivered systems | 236 | 785 |
| Prepaid expenses and other | <u>3,336</u> | <u>2,598</u> |
| Total current assets | 83,807 | 86,500 |
| Property, plant and equipment, net | 44,140 | 44,419 |
| Goodwill and indefinite lived intangible assets | 52,132 | 52,532 |
| Intangible assets, net | 20,935 | 21,820 |
| Other assets | <u>1,670</u> | <u>1,805</u> |
| Total assets | <u>\$ 202,684</u> | <u>\$ 207,076</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Revolving line of credit | \$ - | \$ - |
| Accounts payable | 9,173 | 13,931 |
| Accrued payroll and related expenses | 4,687 | 4,514 |
| Deferred revenue | 1,384 | 2,501 |
| Other current liabilities | 7,775 | 7,243 |
| Income taxes payable | 1,228 | 1,101 |
| Current portion of debt obligations | <u>150</u> | <u>148</u> |
| Total current liabilities | 24,397 | 29,438 |
| Deferred income taxes | 382 | 382 |
| Debt obligations and other long term liabilities | <u>1,251</u> | <u>1,412</u> |
| Total liabilities | 26,030 | 31,232 |
| Stockholders' equity | | |
| Common stock, \$0.001 par value; 47,000,000 shares authorized; 18,577,546 and 18,620,682, respectively, outstanding | 19 | 19 |
| Additional paid-in capital | 187,856 | 187,180 |
| Accumulated deficit | (14,641) | (13,917) |
| Accumulated other comprehensive income | <u>3,420</u> | <u>2,562</u> |
| Total stockholders' equity | <u>176,654</u> | <u>175,844</u> |
| Total liabilities and stockholders' equity | <u>\$ 202,684</u> | <u>\$ 207,076</u> |

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

| | Three Months Ended | |
|---------------------------------------|--------------------|-------------------|
| | March 29, 2008 | March 31, 2007 |
| Net revenues: | | |
| Products | \$ 27,929 | \$ 32,526 |
| Service | <u>6,799</u> | <u>4,589</u> |
| Total net revenues | <u>34,728</u> | <u>37,115</u> |
| Costs of net revenues: | | |
| Cost of products | 13,662 | 17,483 |
| Cost of service | <u>5,238</u> | <u>5,829</u> |
| Total costs of net revenues | <u>18,900</u> | <u>23,312</u> |
| Gross profit | 15,828 | 13,803 |
| Operating expenses: | | |
| Research and development | 4,255 | 4,586 |
| Selling | 4,839 | 5,365 |
| General and administrative | 5,524 | 6,993 |
| Amortization of intangible assets | 1,285 | 1,549 |
| Restructuring charge | <u>870</u> | <u>-</u> |
| Total operating expenses | <u>16,773</u> | <u>18,493</u> |
| Loss from operations | (945) | (4,690) |
| Other income (expense): | | |
| Interest income | 98 | 23 |
| Interest expense | (77) | (39) |
| Other, net | <u>454</u> | <u>119</u> |
| Total other income (expense), net | <u>475</u> | <u>103</u> |
| Loss before income tax expense | (470) | (4,587) |
| Income tax expense | <u>254</u> | <u>24</u> |
| Net loss | <u>\$ (724)</u> | <u>\$ (4,611)</u> |
| Net loss per share: | | |
| Basic | <u>\$ (0.04)</u> | <u>\$ (0.26)</u> |
| Diluted | <u>\$ (0.04)</u> | <u>\$ (0.26)</u> |
| Shares used in per share computation: | | |
| Basic | <u>18,590</u> | <u>17,658</u> |
| Diluted | <u>18,590</u> | <u>17,658</u> |

###