

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

<b>ASSETS</b>	June 28, 2008	December 30, 2007
	<u>          </u>	<u>          </u>
Current assets:		
Cash and cash equivalents	\$ 9,653	\$ 14,919
Accounts receivable, net of allowances of \$320 and \$323	28,663	34,855
Inventories	33,962	33,343
Inventories - delivered systems	230	785
Prepaid expenses and other	<u>3,453</u>	<u>2,598</u>
Total current assets	75,961	86,500
Property, plant and equipment, net	42,631	44,419
Goodwill and indefinite lived intangible assets	54,018	52,532
Intangible assets, net	9,244	21,820
Other assets	1,555	1,805
Total assets	<u>\$ 183,409</u>	<u>\$ 207,076</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Revolving line of credit	\$ -	\$ -
Accounts payable	10,642	13,931
Accrued payroll and related expenses	4,484	4,514
Deferred revenue	1,134	2,501
Other current liabilities	7,911	7,243
Income taxes payable	110	1,101
Current portion of debt obligations	<u>151</u>	<u>148</u>
Total current liabilities	24,432	29,438
Deferred income taxes	382	382
Debt obligations and other long term liabilities	<u>610</u>	<u>1,412</u>
Total liabilities	25,424	31,232
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; 18,648,250 and 18,620,682, respectively, outstanding	19	19
Additional paid-in capital	189,281	187,180
Accumulated deficit	(33,555)	(13,917)
Accumulated other comprehensive income	<u>2,240</u>	<u>2,562</u>
Total stockholders' equity	<u>157,985</u>	<u>175,844</u>
Total liabilities and stockholders' equity	<u>\$ 183,409</u>	<u>\$ 207,076</u>

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

	Three Months Ended		Six Months Ended	
	June 28, 2008	June 30, 2007	June 28, 2008	June 30, 2007
Net revenues:				
Products	\$ 18,504	\$ 32,732	\$ 46,433	\$ 65,258
Service	<u>5,257</u>	<u>4,603</u>	<u>12,056</u>	<u>9,192</u>
Total net revenues	<u>23,761</u>	<u>37,335</u>	<u>58,489</u>	<u>74,450</u>
Costs of net revenues:				
Cost of products	9,162	16,372	22,824	33,855
Cost of service	<u>4,532</u>	<u>4,839</u>	<u>9,770</u>	<u>10,668</u>
Total costs of net revenues	<u>13,694</u>	<u>21,211</u>	<u>32,594</u>	<u>44,523</u>
Gross profit	10,067	16,124	25,895	29,927
Operating expenses:				
Research and development	4,422	4,739	8,677	9,325
Selling	4,844	4,668	9,683	10,033
General and administrative	5,302	4,762	10,826	11,755
Amortization of intangible assets	1,330	1,663	2,615	3,212
Asset impairment	13,213	-	13,213	-
Restructuring charge	<u>-</u>	<u>-</u>	<u>870</u>	<u>-</u>
Total operating expenses	<u>29,111</u>	<u>15,832</u>	<u>45,884</u>	<u>34,325</u>
Income (loss) from operations	(19,044)	292	(19,989)	(4,398)
Other income (expense):				
Interest income	34	29	132	52
Interest expense	(26)	(46)	(103)	(85)
Other, net	<u>(32)</u>	<u>(541)</u>	<u>422</u>	<u>(422)</u>
Total other income (expense), net	<u>(24)</u>	<u>(558)</u>	<u>451</u>	<u>(455)</u>
Loss before income tax provision (benefit)	(19,068)	(266)	(19,538)	(4,853)
Income tax provision (benefit)	<u>(154)</u>	<u>(136)</u>	<u>100</u>	<u>(112)</u>
Net loss	<u>\$ (18,914)</u>	<u>\$ (130)</u>	<u>\$ (19,638)</u>	<u>\$ (4,741)</u>
Net loss per share:				
Basic	<u>\$ (1.02)</u>	<u>\$ (0.01)</u>	<u>\$ (1.06)</u>	<u>\$ (0.27)</u>
Diluted	<u>\$ (1.02)</u>	<u>\$ (0.01)</u>	<u>\$ (1.06)</u>	<u>\$ (0.27)</u>
Shares used in per share computation:				
Basic	<u>18,632</u>	<u>17,857</u>	<u>18,611</u>	<u>17,758</u>
Diluted	<u>18,632</u>	<u>17,857</u>	<u>18,611</u>	<u>17,758</u>

###