

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

ASSETS	September 27, 2008	December 29, 2007
Current assets:		
Cash and cash equivalents	\$ 21,779	\$ 14,919
Accounts receivable, net of allowances of \$311 and \$323	21,333	34,855
Inventories	33,951	33,343
Inventories - delivered systems	175	785
Prepaid expenses and other	<u>2,743</u>	<u>2,598</u>
Total current assets	79,981	86,500
Property, plant and equipment, net	42,181	44,419
Goodwill and indefinite lived intangible assets	-	52,532
Intangible assets, net	7,224	21,820
Other assets	<u>1,816</u>	<u>1,805</u>
Total assets	<u>\$ 131,202</u>	<u>\$ 207,076</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving line of credit	\$ -	\$ -
Accounts payable	8,055	13,931
Accrued payroll and related expenses	3,804	4,514
Deferred revenue	988	2,501
Other current liabilities	7,750	7,243
Income taxes payable	244	1,101
Current portion of debt obligations	<u>468</u>	<u>148</u>
Total current liabilities	21,309	29,438
Deferred income taxes	382	382
Other long- term liabilities	558	1,283
Debt obligations due after one year	<u>13,162</u>	<u>129</u>
Total liabilities	35,411	31,232
Stockholders' equity		
Common stock, \$0.001 par value; 47,000,000 shares authorized; 18,297,003 and 18,620,682, respectively, outstanding	18	19
Additional paid-in capital	189,086	187,180
Accumulated deficit	(94,002)	(13,917)
Accumulated other comprehensive income	<u>689</u>	<u>2,562</u>
Total stockholders' equity	<u>95,791</u>	<u>175,844</u>
Total liabilities and stockholders' equity	<u>\$ 131,202</u>	<u>\$ 207,076</u>

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

	Three Months Ended		Nine Months Ended	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Net revenues:				
Products	\$ 16,311	\$ 33,306	\$ 62,744	\$ 98,564
Service	<u>6,826</u>	<u>5,341</u>	<u>18,882</u>	<u>14,533</u>
Total net revenues	<u>23,137</u>	<u>38,647</u>	<u>81,626</u>	<u>113,097</u>
Costs of net revenues:				
Cost of products	8,150	16,773	30,974	50,628
Cost of service	<u>4,778</u>	<u>4,791</u>	<u>14,548</u>	<u>15,459</u>
Total costs of net revenues	<u>12,928</u>	<u>21,564</u>	<u>45,522</u>	<u>66,087</u>
Gross profit	10,209	17,083	36,104	47,010
Operating expenses:				
Research and development	4,430	4,661	13,107	13,986
Selling	4,280	4,603	13,963	14,636
General and administrative	4,935	4,783	15,761	16,538
Amortization of intangible assets	600	1,285	3,215	4,497
Restructuring charge	655	2,128	1,525	2,128
Asset impairment	55,332	-	68,545	-
Gain on sale of assets	<u>-</u>	<u>(2,100)</u>	<u>-</u>	<u>(2,100)</u>
Total operating expenses	<u>70,232</u>	<u>15,360</u>	<u>116,116</u>	<u>49,685</u>
Income (loss) from operations	(60,023)	1,723	(80,012)	(2,675)
Other income (expense):				
Interest income	24	69	156	121
Interest expense	(240)	(56)	(343)	(141)
Other, net	<u>142</u>	<u>382</u>	<u>564</u>	<u>(40)</u>
Total other income (expense), net	<u>(74)</u>	<u>395</u>	<u>377</u>	<u>(60)</u>
Income (loss) before income tax provision (benefit)	(60,097)	2,118	(79,635)	(2,735)
Income tax provision (benefit)	<u>350</u>	<u>110</u>	<u>450</u>	<u>(2)</u>
Net income (loss)	<u>\$ (60,447)</u>	<u>\$ 2,008</u>	<u>\$ (80,085)</u>	<u>\$ (2,733)</u>
Net income (loss) per share:				
Basic	<u>\$ (3.25)</u>	<u>\$ 0.11</u>	<u>\$ (4.31)</u>	<u>\$ (0.15)</u>
Diluted	<u>\$ (3.25)</u>	<u>\$ 0.11</u>	<u>\$ (4.31)</u>	<u>\$ (0.15)</u>
Shares used in per share computation:				
Basic	<u>18,574</u>	<u>18,278</u>	<u>18,599</u>	<u>17,931</u>
Diluted	<u>18,574</u>	<u>18,676</u>	<u>18,599</u>	<u>17,931</u>