

NOVA MEASURING INSTRUMENTS LTD.
CONSOLIDATED BALANCE SHEET
(U.S. dollars in thousands)

	<u>As of</u> <u>September 30,</u> <u>2009</u>	<u>As of</u> <u>December 31,</u> <u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	15,546	19,325
Short-term interest-bearing bank deposits	47	97
Trade accounts receivable	5,602	2,783
Inventories	4,709	6,862
Other current assets	1,212	1,086
	<u>27,116</u>	<u>30,153</u>
LONG-TERM ASSETS		
Long-term interest-bearing bank deposits	525	544
Other Long-term assets	170	157
Severance pay funds	2,266	2,141
	<u>2,961</u>	<u>2,842</u>
FIXED ASSETS, NET	<u>2,196</u>	<u>2,796</u>
Total assets	<u><u>32,273</u></u>	<u><u>35,791</u></u>
CURRENT LIABILITIES		
Trade accounts payable	1,516	3,480
Deferred income	699	2,385
Other current liabilities	3,357	4,042
	<u>5,572</u>	<u>9,907</u>
LONG-TERM LIABILITIES		
Liability for employee severance pay	3,238	3,152
Deferred income	242	351
Other long-term liability	38	40
	<u>3,518</u>	<u>3,543</u>
SHAREHOLDERS' EQUITY	<u>23,183</u>	<u>22,341</u>
Total liabilities and shareholders' equity	<u><u>32,273</u></u>	<u><u>35,791</u></u>



NOVA MEASURING INSTRUMENTS LTD.
QUARTERLY CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

	<u>September 30,</u> <u>2009</u>	<u>Three months ended</u> <u>June 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
REVENUES			
Product sales	8,717	4,631	5,535
Services	2,677	2,333	3,305
	<u>11,394</u>	<u>6,964</u>	<u>8,840</u>
COST OF REVENUES			
Product sales	3,699	2,050	2,872
Inventory write-off	--	--	850
Services	2,191	2,091	2,956
	<u>5,890</u>	<u>4,141</u>	<u>6,678</u>
GROSS PROFIT	<u>5,504</u>	<u>2,823</u>	<u>2,162</u>
OPERATING EXPENSES			
Research & Development expenses, net	1,850	1,183	2,301
Sales & Marketing expenses	1,523	1,293	1,631
General & Administration expenses	594	484	760
	<u>3,967</u>	<u>2,960</u>	<u>4,692</u>
OPERATING PROFIT (LOSS)	1,537	(137)	(2,530)
INTEREST INCOME (EXPENSES), NET	<u>153</u>	<u>43</u>	<u>(94)</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>1,690</u>	<u>(94)</u>	<u>(2,624)</u>
Net income (loss) per share:			
Basic	<u>0.09</u>	<u>(0.00)</u>	<u>(0.14)</u>
Diluted	<u>0.08</u>	<u>(0.00)</u>	<u>(0.14)</u>
Shares used for calculation of net income (loss) per share:			
Basic	<u>19,417</u>	<u>19,378</u>	<u>19,378</u>
Diluted	<u>19,942</u>	<u>19,378</u>	<u>19,378</u>

NOVA MEASURING INSTRUMENTS LTD.
YEAR TO DATE CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

	Nine-months ended	
	<u>September 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
REVENUES		
Product sales	16,993	22,645
Services	7,085	10,096
	<u>24,078</u>	<u>32,741</u>
COST OF REVENUES		
Product sales	7,333	10,884
Inventory write-off	--	850
Services	6,554	9,363
	<u>13,887</u>	<u>21,097</u>
GROSS PROFIT	<u>10,191</u>	<u>11,644</u>
OPERATING EXPENSES		
Research & Development expenses, net	4,816	6,383
Sales & Marketing expenses	3,989	6,113
General & Administration expenses	1,581	2,461
Impairment loss on equipment related to Hypernex assets and liabilities acquisition	--	633
	<u>10,386</u>	<u>15,590</u>
OPERATING LOSS	(195)	(3,946)
INTEREST INCOME, NET	<u>132</u>	<u>96</u>
NET LOSS FOR THE PERIOD	<u>(63)</u>	<u>(3,850)</u>
Basic net loss per share	<u>(0.00)</u>	<u>(0.20)</u>
Shares used for calculation of basic net loss per share	<u>19,391</u>	<u>19,366</u>

NOVA MEASURING INSTRUMENTS LTD.
QUARTERLY CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	<u>September 30,</u> <u>2009</u>	<u>Three months ended</u> <u>June 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
CASH FLOW – OPERATING ACTIVITIES			
Net income (loss) for the period	1,690	(94)	(2,624)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	311	276	323
Amortization of deferred stock-based compensation	130	100	123
Increase (decrease) in liability for employee termination benefits, net	(2)	144	(33)
Net recognized losses (gains) on investments	4	(4)	4
Increase in trade accounts receivables	(622)	(2,441)	(208)
Decrease in inventories	790	636	1,703
Decrease (increase) in other current and long term assets	45	(608)	314
Decrease in trade accounts payables	(662)	(102)	(494)
Increase (decrease) in current liabilities	1,039	(2)	(1,918)
Increase (decrease) in short and long term deferred income	(857)	(44)	526
Net cash from (used in) operating activities	<u>1,866</u>	<u>(2,139)</u>	<u>(2,284)</u>
CASH FLOW – INVESTMENT ACTIVITIES			
Increase in short-term interest-bearing bank deposits	--	--	(46)
Decrease (increase) in short-term investments	4,595	--	(4,243)
Proceeds from held to maturity securities	--	--	1,506
Proceeds (investments) in long-term deposits	(2)	141	9
Additions to fixed assets	(72)	(24)	(165)
Net cash from (used in) investment activities	<u>4,521</u>	<u>117</u>	<u>(2,939)</u>
CASH FLOW – FINANCING ACTIVITIES			
Shares issued under employee share-based plans	142	--	--
Net cash from investment activities	<u>142</u>	<u>--</u>	<u>--</u>
Increase (decrease) in cash and cash equivalents	6,529	(2,022)	(5,223)
Cash and cash equivalents – beginning of period	9,017	11,039	13,744
Cash and cash equivalents – end of period	<u>15,546</u>	<u>9,017</u>	<u>8,521</u>

NOVA MEASURING INSTRUMENTS LTD.
YEAR TO DATE CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	<u>Nine months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2009</u>	<u>2008</u>
CASH FLOW – OPERATING ACTIVITIES		
Net loss for the period	(63)	(3,850)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	907	1,005
Amortization of deferred stock-based compensation	336	442
Increase in liability for employee termination benefits, net	28	94
Impairment loss on equipment	--	633
Net recognized losses on investments	--	17
Decrease (increase) in trade accounts receivables	(2,819)	3,898
Decrease in inventories	1,946	571
Decrease in other current and long term assets	134	207
Decrease in trade accounts payables and other long term liabilities	(1,964)	(3,561)
Decrease in current liabilities	(600)	(3,117)
Increase (decrease) in short and long term deferred income	(1,795)	1,079
Net cash used in operating activities	<u>(3,890)</u>	<u>(2,582)</u>
CASH FLOW – INVESTMENT ACTIVITIES		
Decrease (increase) in short-term interest-bearing bank deposits	50	(118)
Increase in short-term and long-term investments	--	(8,554)
Proceeds from held to maturity securities	--	3,700
Proceeds from long-term deposits	19	1,643
Additions to fixed assets	(100)	(904)
Net cash used in investment activities	<u>(31)</u>	<u>(4,233)</u>
CASH FLOW – FINANCING ACTIVITIES		
Shares issued under employee share-based plans	142	12
Net cash from financing activities	<u>142</u>	<u>12</u>
Decrease in cash and cash equivalents	(3,779)	(6,803)
Cash and cash equivalents – beginning of period	19,325	15,324
Cash and cash equivalents – end of period	<u>15,546</u>	<u>8,521</u>

NOVA MEASURING INSTRUMENTS LTD.
DISCLOSURE OF NON-GAAP NET INCOME (LOSS)
(U.S. dollars in thousands, except per share data)

	<u>Three months ended</u>		
	<u>September 30,</u>	<u>June 30,</u>	<u>September 30,</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>
GAAP Net income (loss) for the period	1,690	(94)	(2,624)
Non-GAAP Adjustments:			
Stock based compensation expenses	130	100	123
Inventory write-off	<u> --</u>	<u> --</u>	<u> 850</u>
Non-GAAP Net income (loss) for the period	<u> 1,820</u>	<u> 6</u>	<u> (1,651)</u>
Non-GAAP net income (loss) per share:			
Basic	<u> 0.09</u>	<u> 0.00</u>	<u> (0.09)</u>
Diluted	<u> 0.09</u>	<u> 0.00</u>	<u> (0.09)</u>
Shares used for calculation of non-GAAP net income (loss) per share:			
Basic	<u> 19,417</u>	<u> 19,378</u>	<u> 19,378</u>
Diluted	<u> 19,942</u>	<u> 19,378</u>	<u> 19,378</u>

	<u>Nine months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2009</u>	<u>2008</u>
GAAP Net loss for the period	(63)	(3,850)
Non-GAAP Adjustments:		
Stock based compensation expenses	336	442
Inventory write-off	--	850
Impairment loss on equipment related to Hypernex assets and liabilities acquisition	<u> --</u>	<u> 633</u>
Non-GAAP Net income (loss) for the period	<u> 273</u>	<u> (1,925)</u>
Non-GAAP net income (loss) per share:		
Basic	<u> 0.01</u>	<u> (0.10)</u>
Diluted	<u> 0.01</u>	<u> (0.10)</u>
Shares used for calculation of non-GAAP net income (loss) per share		
Basic	<u> 19,391</u>	<u> 19,366</u>
Diluted	<u> 19,749</u>	<u> 19,433</u>