

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

	As of December 31,	
	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	9,861	19,325
Short-term interest-bearing bank deposits	8,607	97
Trade accounts receivable	11,545	2,783
Inventories	3,949	6,862
Other current assets	1,728	1,086
	<u>35,690</u>	<u>30,153</u>
LONG-TERM ASSETS		
Long-term interest-bearing bank deposits	561	544
Other Long-term assets	142	157
Severance pay funds	2,368	2,141
	<u>3,071</u>	<u>2,842</u>
FIXED ASSETS, NET	<u>2,163</u>	<u>2,796</u>
Total assets	<u>40,924</u>	<u>35,791</u>
CURRENT LIABILITIES		
Trade accounts payable	3,715	3,480
Deferred income	1,671	2,385
Other current liabilities	5,237	4,042
	<u>10,623</u>	<u>9,907</u>
LONG-TERM LIABILITIES		
Liability for employee severance pay	3,168	3,152
Deferred income	183	351
Other long-term liability	35	40
	<u>3,386</u>	<u>3,543</u>
SHAREHOLDERS' EQUITY	<u>26,915</u>	<u>22,341</u>
Total liabilities and shareholders' equity	<u>40,924</u>	<u>35,791</u>

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

	<u>December 31,</u> <u>2009</u>	<u>Three months ended</u> <u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
REVENUES			
Product sales	12,646	8,717	3,028
Services	<u>2,594</u>	<u>2,677</u>	<u>3,200</u>
	<u>15,240</u>	<u>11,394</u>	<u>6,228</u>
COST OF REVENUES			
Product sales	5,399	3,699	1,643
Inventory write-off and inventory purchase commitments losses	--	--	550
Services	<u>2,445</u>	<u>2,191</u>	<u>2,696</u>
	<u>7,844</u>	<u>5,890</u>	<u>4,889</u>
GROSS PROFIT	<u>7,396</u>	<u>5,504</u>	<u>1,339</u>
OPERATING EXPENSES			
Research & Development expenses, net	2,049	1,850	2,223
Sales & Marketing expenses	2,025	1,523	1,390
General & Administration expenses	<u>659</u>	<u>594</u>	<u>738</u>
	<u>4,733</u>	<u>3,967</u>	<u>4,351</u>
OPERATING PROFIT (LOSS)	2,663	1,537	(3,012)
Interest income, net	31	153	75
Gain on short-term investments	<u>--</u>	<u>--</u>	<u>1,366</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>2,694</u>	<u>1,690</u>	<u>(1,571)</u>
Net income (loss) per share:			
Basic	<u>0.14</u>	<u>0.09</u>	<u>(0.08)</u>
Diluted	<u>0.13</u>	<u>0.08</u>	<u>(0.08)</u>
Shares used for calculation of net income (loss) per share:			
Basic	<u>19,717</u>	<u>19,417</u>	<u>19,378</u>
Diluted	<u>21,173</u>	<u>19,942</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)

	<u>Year ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
REVENUES		
Product sales	29,639	25,673
Services	9,679	13,296
	<u>39,318</u>	<u>38,969</u>
COST OF REVENUES		
Product sales	12,732	12,527
Inventory write-off and inventory purchase commitments losses	--	1,400
Services	8,999	12,059
	<u>21,731</u>	<u>25,986</u>
GROSS PROFIT	<u>17,587</u>	<u>12,983</u>
OPERATING EXPENSES		
Research & Development expenses, net	6,865	8,606
Sales & Marketing expenses	6,014	7,503
General & Administration expenses	2,240	3,199
Impairment loss on equipment related to Hypernex assets and liabilities acquisition	--	633
	<u>15,119</u>	<u>19,941</u>
OPERATING PROFIT (LOSS)	2,468	(6,958)
Interest income, net	163	171
Gain on short-term investments	--	1,366
NET INCOME (LOSS) FOR THE YEAR	<u>2,631</u>	<u>(5,421)</u>
Net income (loss) per share:		
Basic	<u>0.14</u>	<u>(0.28)</u>
Diluted	<u>0.13</u>	<u>(0.28)</u>
Shares used for calculation of net income (loss) per share:		
Basic	<u>19,473</u>	<u>19,369</u>
Diluted	<u>20,089</u>	<u>19,369</u>

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

	<u>December 31,</u> <u>2009</u>	<u>Three months ended</u> <u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
CASH FLOW – OPERATING ACTIVITIES			
Net income (loss) for the period	2,694	1,690	(1,571)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	347	311	315
Impairment loss on equipment	--	--	10
Amortization of deferred stock-based compensation	118	130	114
Decrease in liability for employee termination benefits, net	(187)	(2)	(61)
Gain on short-term investments	--	--	(1,366)
Net recognized losses on investments	--	4	49
Decrease (increase) in trade accounts receivables	(5,943)	(622)	2,465
Decrease in inventories	749	790	759
Decrease (increase) in other current and long term assets	(555)	45	40
Increase (decrease) in trade accounts payables and other long-term liabilities	2,198	(662)	(452)
Increase (decrease) in other current liabilities	1,769	1,039	(253)
Increase (decrease) in short and long term deferred income	913	(857)	(740)
Net cash from (used in) operating activities	<u>2,103</u>	<u>1,866</u>	<u>(691)</u>
CASH FLOW – INVESTMENT ACTIVITIES			
Decrease (increase) in short-term interest-bearing bank deposits	(8,560)	--	21
Decrease in short-term investments	--	4,595	8,586
Proceeds (investments) in long-term interest-bearing bank deposits	(36)	(2)	2,928
Additions to fixed assets	(303)	(72)	(40)
Net cash from (used in) investment activities	<u>(8,899)</u>	<u>4,521</u>	<u>11,495</u>
CASH FLOW – FINANCING ACTIVITIES			
Shares issued under employee share-based plans	1,111	142	--
Net cash from investment activities	<u>1,111</u>	<u>142</u>	<u>--</u>
Increase (decrease) in cash and cash equivalents	<u>(5,685)</u>	<u>6,529</u>	<u>10,804</u>
Cash and cash equivalents – beginning of period	<u>15,546</u>	<u>9,017</u>	<u>8,521</u>
Cash and cash equivalents – end of period	<u><u>9,861</u></u>	<u><u>15,546</u></u>	<u><u>19,325</u></u>

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

	<u>Year ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOW – OPERATING ACTIVITIES		
Net income (loss) for the year	2,631	(5,421)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	1,254	1,320
Impairment loss on equipment	--	643
Amortization of deferred stock-based compensation	454	556
Increase (decrease) in liability for employee termination benefits, net	(159)	33
Gain on short-term investments	--	(1,366)
Net recognized losses on investments	--	66
Decrease (increase) in trade accounts receivables	(8,762)	6,363
Decrease in inventories	2,695	1,330
Decrease (increase) in other current and long term assets	(421)	247
Decrease (increase) in trade accounts payables and other long term liabilities	234	(4,013)
Increase (decrease) in other current liabilities	1,169	(3,371)
Increase (decrease) in short and long term deferred income	(882)	339
Net cash used in operating activities	<u>(1,787)</u>	<u>(3,274)</u>
CASH FLOW – INVESTMENT ACTIVITIES		
Increase in short-term interest-bearing bank deposits	(8,510)	(97)
Increase in short-term and long-term investments	--	32
Proceeds from held to maturity securities	--	3,701
Proceeds from (investments in) long-term interest-bearing bank deposits and long-term investments	(17)	4,571
Additions to fixed assets	(403)	(944)
Net cash from (used in) investment activities	<u>(8,930)</u>	<u>7,263</u>
CASH FLOW – FINANCING ACTIVITIES		
Shares issued under employee share-based plans	1,253	12
Net cash from financing activities	<u>1,253</u>	<u>12</u>
Increase (decrease) in cash and cash equivalents	<u>(9,464)</u>	<u>4,001</u>
Cash and cash equivalents – beginning of year	<u>19,325</u>	<u>15,324</u>
Cash and cash equivalents – end of year	<u>9,861</u>	<u>19,325</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>December 31,</u>	<u>September 30,</u>	<u>December 31,</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>
GAAP Net income (loss) for the period	2,694	1,690	(1,571)
<u>Non-GAAP Adjustments:</u>			
Stock based compensation expenses	118	130	114
Inventory write-off and inventory purchase commitments losses	--	--	550
Gain on short term investments	--	--	(1,366)
	<u> </u>	<u> </u>	<u> </u>
Non-GAAP Net income (loss) for the period	<u>2,812</u>	<u>1,820</u>	<u>(2,273)</u>
 Non-GAAP net income (loss) per share:			
Basic	<u>0.14</u>	<u>0.09</u>	<u>(0.12)</u>
Diluted	<u>0.13</u>	<u>0.09</u>	<u>(0.12)</u>
 Shares used for calculation of non-GAAP net income (loss) per share:			
Basic	<u>19,717</u>	<u>19,417</u>	<u>19,378</u>
Diluted	<u>21,173</u>	<u>19,942</u>	<u>19,378</u>
		<u>Year ended December 31,</u>	
		<u>2009</u>	<u>2008</u>
 GAAP Net (income) loss for the year		2,631	(5,421)
<u>Non-GAAP Adjustments:</u>			
Stock based compensation expenses		454	556
Inventory write-off and inventory purchase commitments losses		--	1,400
Impairment loss on equipment related to Hypernex assets and liabilities acquisition		--	633
Gain on short term investments		--	(1,366)
		<u> </u>	<u> </u>
Non-GAAP Net income (loss) for the year		<u>3,085</u>	<u>(4,198)</u>
 Non-GAAP net income (loss) per share:			
Basic		<u>0.16</u>	<u>(0.22)</u>
Diluted		<u>0.15</u>	<u>(0.22)</u>
 Shares used for calculation of non-GAAP net income (loss) per share:			
Basic		<u>19,473</u>	<u>19,369</u>
Diluted		<u>20,089</u>	<u>19,369</u>