



partnering for process control

NOVA MEASURING INSTRUMENTS LTD.

CONSOLIDATED BALANCE SHEET

(U.S. dollars in thousands)

	<u>As of June 30, 2009</u>	<u>As of December 31, 2008</u>
CURRENT ASSETS		
Cash and cash equivalents	9,017	19,325
Short-term interest-bearing bank deposits	46	97
Short-term investments	4,599	--
Trade accounts receivable	4,980	2,783
Inventories	5,505	6,862
Other current assets	1,301	1,086
	<u>25,448</u>	<u>30,153</u>
LONG-TERM ASSETS		
Long-term interest-bearing bank deposits	524	544
Other Long-term assets	126	157
Severance pay funds	2,140	2,141
	<u>2,790</u>	<u>2,842</u>
FIXED ASSETS, NET	<u>2,429</u>	<u>2,796</u>
Total assets	<u>30,667</u>	<u>35,791</u>
CURRENT LIABILITIES		
Trade accounts payable	2,178	3,480
Deferred income	1,611	2,385
Other current liabilities	2,494	4,042
	<u>6,283</u>	<u>9,907</u>
LONG-TERM LIABILITIES		
Liability for employee severance pay	3,114	3,152
Deferred income	187	351
Other long-term liability	40	40
	<u>3,341</u>	<u>3,543</u>
SHAREHOLDERS' EQUITY	<u>21,043</u>	<u>22,341</u>
Total liabilities and shareholders' equity	<u>30,667</u>	<u>35,791</u>



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

	<u>June 30,</u> <u>2009</u>	<u>Three months ended</u> <u>March 31,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>
REVENUES			
Product sales	4,631	3,645	7,496
Services	2,333	2,075	3,594
	<u>6,964</u>	<u>5,720</u>	<u>11,090</u>
COST OF REVENUES			
Product sales	2,050	1,582	3,524
Services	2,091	2,274	3,250
	<u>4,141</u>	<u>3,856</u>	<u>6,774</u>
GROSS PROFIT	<u>2,823</u>	<u>1,864</u>	<u>4,316</u>
OPERATING EXPENSES			
Research & Development expenses, net	1,183	1,783	2,177
Sales & Marketing expenses	1,293	1,173	2,042
General & Administration expenses	484	503	797
Impairment loss on equipment related to Hypernex assets and liabilities acquisition	--	--	633
	<u>2,960</u>	<u>3,459</u>	<u>5,649</u>
OPERATING LOSS	(137)	(1,595)	(1,333)
INTEREST INCOME (EXPENSES), NET	43	(64)	66
NET LOSS FOR THE PERIOD	<u>(94)</u>	<u>(1,659)</u>	<u>(1,267)</u>
Basic net loss per share	<u>(0.00)</u>	<u>(0.09)</u>	<u>(0.07)</u>
Shares used for calculation of basic net loss per share	<u>19,378</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)

	Six-months ended	
	June 30, 2009	June 30, 2008
REVENUES		
Product sales	8,276	17,110
Services	4,408	6,791
	12,684	23,901
COST OF REVENUES		
Product sales	3,632	8,012
Services	4,365	6,407
	7,997	14,419
GROSS PROFIT	4,687	9,482
OPERATING EXPENSES		
Research & Development expenses, net	2,966	4,082
Sales & Marketing expenses	2,466	4,482
General & Administration expenses	987	1,701
Impairment loss on equipment related to Hypernex assets and liabilities acquisition	--	633
	6,419	10,898
OPERATING LOSS	(1,732)	(1,416)
INTEREST INCOME (EXPENSES), NET	(21)	190
NET LOSS FOR THE PERIOD	(1,753)	(1,226)
Basic net loss per share	(0.09)	(0.06)
Shares used for calculation of basic net loss per share	19,378	19,356

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

	<u>June 30,</u> <u>2009</u>	<u>Three months ended</u> <u>March 31,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>
CASH FLOW – OPERATING ACTIVITIES			
Net loss for the period	(94)	(1,659)	(1,267)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	276	320	315
Amortization of deferred stock-based compensation	100	106	155
Increase (decrease) in liability for employee termination benefits, net	144	(114)	68
Impairment loss on equipment	--	--	633
Net recognized losses (gains) on investments	(4)	--	2
Decrease (increase) in trade accounts receivables	(2,441)	244	3,331
Decrease in inventories	636	520	228
Decrease (increase) in other current and long term assets	(608)	697	758
Decrease in trade accounts payables	(102)	(1,200)	(2,415)
Decrease in current liabilities	(2)	(1,637)	(974)
Increase (decrease) in short and long term deferred income	(44)	(894)	722
Net cash from (used in) operating activities	<u>(2,139)</u>	<u>(3,617)</u>	<u>1,557</u>
CASH FLOW – INVESTMENT ACTIVITIES			
Decrease (increase) in short-term interest-bearing bank deposits	--	50	(72)
Increase in short-term investments	--	(4,595)	--
Proceeds from held to maturity securities	--	--	11,068
Proceeds (investments) in long-term deposits	141	(120)	696
Investment in held to maturity securities	--	--	(9,654)
Additions to fixed assets	(24)	(4)	(183)
Net cash from (used in) investment activities	<u>117</u>	<u>(4,669)</u>	<u>1,855</u>
CASH FLOW – FINANCING ACTIVITIES			
	--	--	--
Increase (decrease) in cash and cash equivalents	<u>(2,022)</u>	<u>(8,286)</u>	<u>3,412</u>
Cash and cash equivalents – beginning of period	<u>11,039</u>	<u>19,325</u>	<u>10,332</u>
Cash and cash equivalents – end of period	<u>9,017</u>	<u>11,039</u>	<u>13,744</u>

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

	<u>Six months ended</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
CASH FLOW – OPERATING ACTIVITIES		
Net loss for the period	(1,753)	(1,226)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	596	682
Amortization of deferred stock-based compensation	206	319
Increase in liability for employee termination benefits, net	30	127
Impairment loss on equipment	--	633
Net recognized losses (gains) on investments	(4)	13
Decrease (increase) in trade accounts receivables	(2,197)	4,106
Decrease (increase) in inventories	1,156	(1,131)
Decrease (increase) in other current and long term assets	89	(107)
Decrease in trade accounts payables and other long term liabilities	(1,302)	(3,067)
Decrease in current liabilities	(1,639)	(1,199)
Increase (decrease) in short and long term deferred income	(938)	553
Net cash used in operating activities	<u>(5,756)</u>	<u>(297)</u>
CASH FLOW – INVESTMENT ACTIVITIES		
Decrease (increase) in short-term interest-bearing bank deposits	50	(72)
Increase in short-term investments	(4,595)	--
Proceeds from held to maturity securities	--	13,273
Proceeds from long-term deposits	21	1,634
Investment in held to maturity securities	--	(15,390)
Additions to fixed assets	(28)	(740)
Net cash used in investment activities	<u>(4,552)</u>	<u>(1,295)</u>
CASH FLOW – FINANCING ACTIVITIES		
Shares issued in private placement	--	--
Shares issued under employee share-based plans	--	12
Net cash from financing activities	<u>--</u>	<u>12</u>
Decrease in cash and cash equivalents	(10,308)	(1,580)
Cash and cash equivalents – beginning of period	19,325	15,324
Cash and cash equivalents – end of period	<u>9,017</u>	<u>13,744</u>

NOVA MEASURING INSTRUMENTS LTD.
DISCLOSURE OF NON-GAAP NET INCOME (LOSS)

(U.S. dollars in thousands, except per share data)

	<u>June 30,</u> <u>2009</u>	<u>Three months ended</u> <u>March 31,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>
GAAP Net income loss for the period	(94)	(1,659)	(1,267)
<u>Non-GAAP Adjustments:</u>			
Stock based compensation expenses	100	106	155
Impairment loss on equipment related to Hypernex assets and liabilities acquisition	<u> --</u>	<u> --</u>	<u> 633</u>
Non-GAAP Net income (loss) for the period	<u> 6</u>	<u> (1,553)</u>	<u> (479)</u>
Non-GAAP net income (loss) per share:			
Basic	<u> 0.00</u>	<u> (0.08)</u>	<u> (0.02)</u>
Diluted	<u> 0.00</u>		
Shares used for calculation of non-GAAP net income (loss) per share:			
Basic	<u> 19,378</u>	<u> 19,378</u>	<u> 19,378</u>
Diluted	<u> 19,715</u>		
		<u>Six months ended</u>	
		<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>
GAAP Net loss for the period		(1,753)	(1,226)
<u>Non-GAAP Adjustments:</u>			
Stock based compensation expenses		206	319
Impairment loss on equipment related to Hypernex assets and liabilities acquisition		<u> --</u>	<u> 633</u>
Non-GAAP Net loss for the period		<u> (1,547)</u>	<u> (274)</u>
Non-GAAP basic net loss per share:		<u> (0.08)</u>	<u> (0.01)</u>
Shares used for calculation of non-GAAP basic net loss per share		<u> 19,378</u>	<u> 19,356</u>