

NOVA MEASURING INSTRUMENTS LTD
Form 6-K
November 05, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

Date of Report: November 5, 2008
Commission File No.: 000-30688

NOVA MEASURING INSTRUMENTS LTD.

**Building 22 Weizmann Science Park, Rehovot
P.O.B 266
Israel**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark whether the registrant is submitting this Form 6-K in paper as permitted by Regulation S-TRule 101(b)(1): _____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with 12g3-2(b):

N/A.

Attached hereto and incorporated by way of reference herein is a press release issued by the Registrant on, and dated, November 5, 2008, and entitled "Nova Announces 2008 Third Quarter Results".

This report on Form 6-K is hereby incorporated by reference into Nova Measuring Instruments Ltd.'s registration statements on Form S-8, filed with the Securities and Exchange Commission on the following dates: September 13, 2000 (File No. 333-12546); March 5, 2002 (File No. 333-83734); December 24, 2002 (File No. 333-102193, as amended by Amendment No. 1, filed on January 5, 2006); March 24, 2003 (File No. 333-103981); May 17, 2004 (three files, File Nos. 333-115554, 333-115555, and 333-115556, as amended by Amendment No. 1, filed on January 5, 2006); March 7, 2005 (File No. 333-123158); December 29, 2005 (File No. 333-130745); September 21, 2006 (File No. 333-137491); and November 5, 2007 (File No. 333-147140) and into Nova Measuring Instruments Ltd.'s registration statement on Form F-3, filed with the Securities and Exchange Commission on May 11, 2007 (File No. 333-142834).

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVA MEASURING INSTRUMENTS LTD.
(the "Registrant")

By: */s/ Dror David*

Dror David
Chief Financial Officer

Date: November 5, 2008

Company Contact:

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Company Press Release

NOVA ANNOUNCES 2008 THIRD QUARTER RESULTS

Rehovot, Israel November 5, 2008 Nova Measuring Instruments Ltd. (Nasdaq: NVMI), provider of leading edge stand alone metrology and the market leader of integrated metrology solutions to the semiconductor process control market, today reported its 2008 third quarter financial results.

Highlights for the Third Quarter of 2008

Total revenues of \$8.8 million

Gross margin of 24%, including inventory write-off of \$0.9 million

Non-GAAP net loss of \$1.7 million, or \$0.09 per share; GAAP net loss of \$2.6 million, or \$0.14 per share

Progress with Stand Alone Optical CD, including final acceptance at an additional Fab of a major foundry in the Asia Pacific region plus a repeat order from the same foundry, as well as placement of additional evaluation system in Japan

A cost reduction initiative which will reduce operational expenses by approximately \$5 million in 2009

Strong cash reserves position with \$20.7 million on hand

2008 Third Quarter Results

Total revenues for the third quarter of 2008 were \$8.8 million, a decrease of 36% relative to the third quarter of 2007, and a decrease of 20% relative to the second quarter of 2008.

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Gross margin for the third quarter of 2008 was 24%, compared with 38% in the third quarter of 2007, and compared with 39% in the second quarter of 2008. Gross margins declined in the third quarter of 2008 mainly due to a \$0.9 million inventory write-off related to anticipated lower demand for older generation products. Excluding this write-off, gross margins in the third quarter of 2008 were 34%, reflecting the decline in product revenues. Within the services portion of the business, gross margin improved in the third quarter of 2008.

Operating expenses in the third quarter of 2008 were \$4.7 million, compared with \$9.2 million in the third quarter of 2007, and \$5.7 million in the second quarter of 2008. Operating expenses for the third quarter of 2007 and for the second quarter of 2008 included non-cash one-time impairment charges related to the Hypernex acquisition, of \$3.8 million and \$0.6 million, respectively.

On a GAAP basis, the company reported \$2.6 million net loss in the third quarter of 2008, or \$0.14 per share, as compared to a net loss of \$3.7 million, or \$0.19 per share, for the third quarter of 2007, and net loss of \$1.3 million, or \$0.07 per share, for the second quarter of 2008.

On a non-GAAP basis, which excludes stock-based compensation, amortization of intangibles, impairment charges and inventory write-off, the company reported net loss of \$1.7 million, or \$0.09 per share, for the third quarter of 2008. This compares with a non-GAAP net income of \$0.8 million, or \$0.04 per diluted share, in the third quarter of 2007, and a non-GAAP net loss of \$0.5 million, or \$0.02 per share, for the second quarter of 2008.

During the quarter, the company used \$2.3 million in cash for operating activities. Total cash reserves at the end of the third quarter of 2008 were \$18.5 million.

Subsequent to the quarter end, the company announced full recovery of its Auction Rate Securities investments, increasing its available cash reserves to \$20.7 million at the end of the third quarter of 2008. In addition, the company has implemented a cost reduction plan which included a reduction in force in all regions, and which is expected to reduce operational expenses by approximately \$5 million in year 2009. The company reported that the reduction in force included all parts of the organization except research and development, in which the company will continue to aggressively invest in order to increase its competitive advantage.

Management Comments

The impact of the global economic crisis on our industry and on the company is significant, and in recent quarters we have taken necessary measures in order to realign our operational run rate to this environment. The effectiveness of these ongoing efforts is evident in our strong cash position, which enables us to be selectively aggressive in executing our business goals, said Gabi Seligsohn, President and CEO of Nova. While further reducing our costs in most parts of the organization, we have decided to maintain the pace of our new and existing product development plans, and we are confident that our continued successful penetrations with the Stand Alone OCD tools, lay the foundation for increased market share and improving gross margins once demand improves.

The Company will host a conference call today, November 5, 2008, at 9:00am ET. To participate, please dial in the US: 1-888-281-1167; or internationally: +972 3 918 0650. A recording of the call will be available on Nova's website, within 24 hours following the end of the call.

In addition, the conference call will also be webcast live from a link on Nova's website at www.nova.co.il.

This press release provides financial measures that exclude non-cash charges for inventory write-off, stock-based compensation, impairment charges and amortization of intangible assets and are therefore not calculated in accordance with generally accepted accounting principles (GAAP). Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding Nova's performance because they reflect our operational results and enhances management's and investors' ability to evaluate Nova's performance before charges considered by management to be outside Nova's ongoing operating results.

The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management believes that it is in the best interest of its investors to provide financial information that will facilitate comparison of both historical and future results and allows greater transparency to supplemental information used by management in its financial and operational decision making. A reconciliation of each GAAP to non-GAAP financial measure discussed in this press release is contained in the accompanying financial tables.

About Nova

Nova Measuring Instruments Ltd. develops, produces and markets advanced integrated and stand alone metrology solutions for the semiconductor manufacturing industry. Nova is traded on the NASDAQ & TASE under the symbol NVMI. The Company's website is

www.nova.co.il.

This press release contains forward-looking statements within the meaning of safe harbor provisions of the Private Securities Litigation Reform Act of 1995 relating to future events or our future performance, such as statements regarding trends, demand for our products, expected deliveries, transaction, expected revenues, operating results, earnings and profitability. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in those forward-looking statements. These risks and other factors include but are not limited to: our dependency on a single integrated process control product line; the highly cyclical nature of the markets we target; our inability to reduce spending during a slowdown in the semiconductor industry; our ability to respond effectively on a timely basis to rapid technological changes; risks associated with our dependence on a single manufacturing facility; our ability to expand our manufacturing capacity or marketing efforts to support our future growth; our dependency on a small number of large customers and small number of suppliers; risks related to our intellectual property; changes in customer demands for our products; new product offerings from our competitors; changes in or an inability to execute our business strategy; unanticipated manufacturing or supply problems; changes in tax requirements; changes in customer demand for our products; risks related to currency fluctuations; anticipated consequences of the global economic crisis and risks related to our operations in Israel. We cannot guarantee future results, levels of activity, performance or achievements. The matters discussed in this press release also involve risks and uncertainties summarized under the heading

Risk Factors in Nova's Annual Report on Form 20-F for the year ended December 31, 2007 filed with the Securities and Exchange Commission on March 28, 2008, as amended. These factors are updated from time to time through the filing of reports and registration statements with the Securities and Exchange Commission. Nova Measuring Instruments Ltd. does not assume any obligation to update the forward-looking information contained in this press release.

(Tables to Follow)

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

| | As of September 30, | As of December 31, |
|---|------------------------|-----------------------|
| | 2008 | 2007 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 8,521 | 15,324 |
| Short-term interest-bearing bank deposits | 118 | -- |
| Short-term investments | 8,577 | -- |
| Held to maturity securities | -- | 2,251 |
| Trade accounts receivable | 5,248 | 9,146 |
| Inventories | 7,621 | 8,524 |
| Other current assets | 1,570 | 1,703 |
| | 31,655 | 36,948 |
| LONG-TERM ASSETS | | |
| Long-term interest-bearing bank deposits | 602 | 2,245 |
| Long-term investments | 642 | 1,562 |
| Held to maturity securities | -- | 1,489 |
| Other Long-term assets | 155 | 169 |
| Severance pay funds | 2,708 | 2,488 |
| | 4,107 | 7,953 |
| FIXED ASSETS, NET | 3,081 | 3,484 |

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| | As of September 30, | As of December 31, |
|--|------------------------|-----------------------|
| Total assets | 38,843 | 48,385 |
| CURRENT LIABILITIES | | |
| Trade accounts payable | 3,921 | 7,482 |
| Deferred income | 2,355 | 1,496 |
| Other current liabilities | 4,481 | 7,310 |
| | 10,757 | 16,288 |
| LONG-TERM LIABILITIES | | |
| Liability for employee severance pay | 3,766 | 3,561 |
| Deferred income | 1,121 | 901 |
| Other long-term liability | 51 | 51 |
| | 4,938 | 4,513 |
| SHAREHOLDERS' EQUITY | | |
| | 23,148 | 27,584 |
| Total liabilities and shareholders' equity | 38,843 | 48,385 |

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

| | Three months ended | | |
|-------------------------|--------------------|----------|---------------|
| | September 30, | June 30, | September 30, |
| | 2008 | 2008 | 2007 |
| REVENUES | | | |
| Product sales | 5,535 | 7,496 | 10,202 |
| Services | 3,305 | 3,594 | 2,924 |
| IP Licensing | -- | -- | 766 |
| | 8,840 | 11,090 | 13,892 |
| COST OF REVENUES | | | |
| Product sales | 2,872 | 3,524 | 5,558 |
| Inventory write-off | 850 | -- | 303 |
| Services | 2,956 | 3,250 | 2,695 |
| | 6,678 | 6,774 | 8,556 |

| | Three months ended | | |
|---|--------------------|---------|---------|
| | | | |
| GROSS PROFIT | 2,162 | 4,316 | 5,336 |
| OPERATING EXPENSES | | | |
| Research & Development expenses, net | 2,301 | 2,177 | 2,197 |
| Sales & Marketing expenses | 1,631 | 2,042 | 2,553 |
| General & Administration expenses | 760 | 797 | 615 |
| Impairment loss on equipment and intangibles related to Hypernex assets and liabilities acquisition | -- | 633 | 3,831 |
| | 4,692 | 5,649 | 9,196 |
| OPERATING LOSS | (2,530) | (1,333) | (3,860) |
| INTEREST INCOME (EXPENSES), NET | (94) | 66 | 190 |
| NET LOSS FOR THE PERIOD | (2,624) | (1,267) | (3,670) |
| Basic and diluted net loss per share | (0.14) | (0.07) | (0.19) |
| Shares used for calculation of loss per share | 19,378 | 19,378 | 19,026 |

NOVA MEASURING INSTRUMENTS LTD.
YEAR TO DATE CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Nine months ended | |
|-------------------------|--------------------|--------------------|
| | September 30, 2008 | September 30, 2007 |
| REVENUES | | |
| Product sales | 22,645 | 32,773 |
| Services | 10,096 | 8,530 |
| IP licensing | -- | 766 |
| | 32,741 | 42,069 |
| COST OF REVENUES | | |
| Product sales | 10,884 | 15,948 |
| Inventory write-off | 850 | 303 |
| Services | 9,363 | 7,908 |
| | 21,097 | 24,159 |

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| | Nine months ended | |
|---|-------------------|---------|
| GROSS PROFIT | 11,644 | 17,910 |
| OPERATING EXPENSES | | |
| Research & Development expenses, net | 6,383 | 6,733 |
| Sales & Marketing expenses | 6,113 | 7,279 |
| General & Administration expenses | 2,461 | 3,886 |
| Impairment loss on equipment and intangibles related to Hypernex assets and liabilities acquisition | 633 | 3,831 |
| | 15,590 | 21,729 |
| OPERATING LOSS | (3,946) | (3,819) |
| INTEREST INCOME, NET | 96 | 579 |
| NET LOSS FOR THE PERIOD | (3,850) | (3,240) |
| Basic and diluted net loss per share | (0.20) | (0.18) |
| Shares used for calculation of net loss per share | 19,366 | 18,390 |

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

| | Three months ended | | |
|--|--------------------|----------|---------------|
| | September 30, | June 30, | September 30, |
| | 2008 | 2008 | 2007 |
| CASH FLOW - OPERATING ACTIVITIES | | | |
| Net loss for the period | (2,624) | (1,267) | (3,670) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and amortization | 323 | 316 | 484 |
| Amortization of deferred stock-based compensation | 123 | 155 | 246 |
| Increase (decrease) in liability for employee termination benefits, net | (33) | 68 | 32 |
| Impairment loss on equipment and intangibles | -- | 633 | 3,918 |
| Net recognized losses (gains) on investments | 4 | 2 | (8) |
| Decrease (increase) in trade accounts receivables | (208) | 3,331 | (1,526) |
| Decrease in inventories | 1,703 | 228 | 855 |
| Decrease in other current and long term assets | 314 | 758 | 378 |
| Increase (decrease) in trade accounts payables and other long term liabilities | (494) | (2,415) | 223 |
| Increase (decrease) in current liabilities | (1,918) | (974) | 4,664 |

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| | Three months ended | | |
|--|--------------------|---------------|---------------|
| | September 30, | September 30, | September 30, |
| | 2008 | 2007 | 2006 |
| Increase (decrease) in short and long term deferred income | 526 | 722 | (4,997) |
| Net cash from (used in) operating activities | (2,284) | 1,557 | 599 |
| CASH FLOW - INVESTMENT ACTIVITIES | | | |
| Decrease (Increase) in short-term interest-bearing bank deposits | (46) | (72) | 117 |
| Decrease (Increase) in short-term and long-term investments | (4,243) | -- | 4,249 |
| Investment in short term held to maturity securities | -- | (9,654) | (491) |
| Investment in long-term held to maturity securities | -- | -- | (34) |
| Proceeds from held to maturity securities | 1,506 | 11,068 | 490 |
| Proceeds from long-term interest-bearing bank deposits | 9 | 696 | -- |
| Additions to fixed assets | (165) | (183) | (569) |
| Net cash from (used in) investment activities | (2,939) | 1,855 | 3,762 |
| CASH FLOW - FINANCING ACTIVITIES | | | |
| Shares issued under employee share-based plans | -- | -- | 89 |
| Net cash from financing activities | -- | -- | 89 |
| Increase (decrease) in cash and cash equivalents | (5,223) | 3,412 | 4,450 |
| Cash and cash equivalents - beginning of period | 13,744 | 10,332 | 6,254 |
| Cash and cash equivalents - end of period | 8,521 | 13,744 | 10,704 |

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

| | Nine months ended | |
|---|-------------------|---------------|
| | September 30, | September 30, |
| | 2008 | 2007 |
| CASH FLOW - OPERATING ACTIVITIES | | |
| Net loss for the period | (3,850) | (3,240) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 1,005 | 1,376 |
| Amortization of deferred stock-based compensation | 442 | 769 |
| Increase in liability for employee termination benefits, net | 94 | 103 |
| Impairment loss on equipment and intangibles | 633 | 3,918 |
| Net recognized losses (gains) on investments | 17 | (4) |

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| | Nine months ended | |
|---|-------------------|---------------|
| Decrease (increase) in trade accounts receivables | 3,898 | (3) |
| Decrease in inventories | 571 | 57 |
| Decrease in other current and long term assets | 207 | 449 |
| Decrease in trade accounts payables and other long term liabilities | (3,561) | (1,107) |
| Decrease in current liabilities | (3,117) | (85) |
| Increase (decrease) in short and long term deferred income | 1,079 | (1,676) |
| Net cash from (used in) operating activities | (2,582) | 557 |
| CASH FLOW - INVESTMENT ACTIVITIES | | |
| Decrease (Increase) in short-term interest-bearing bank deposits | (118) | 466 |
| Increase in short-term and long-term investments | (8,554) | (528) |
| Investment in short term held to maturity securities | -- | (491) |
| Investment in long term held to maturity securities | -- | (1,491) |
| Proceeds from held to maturity securities | 3,700 | 2,305 |
| Proceeds from long-term interest-bearing bank deposits | 1,643 | 971 |
| Additions to fixed assets | (904) | (819) |
| Net cash from (used in) investment activities | (4,233) | 413 |
| CASH FLOW - FINANCING ACTIVITIES | | |
| Shares issued in private placement | -- | 4,982 |
| Shares issued under employee share-based plans | 12 | 576 |
| Net cash from financing activities | 12 | 5,558 |
| Increase (decrease) in cash and cash equivalents | (6,803) | 6,528 |
| Cash and cash equivalents - beginning of period | 15,324 | 4,176 |
| Cash and cash equivalents - end of period | 8,521 | 10,704 |

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

| | Three months ended | | |
|--------------------------------------|--------------------|----------|---------------|
| | September 30, | June 30, | September 30, |
| | 2008 | 2008 | 2007 |
| GAAP Net loss for the quarter | (2,624) | (1,267) | (3,670) |
| Non-GAAP Adjustments: | | | |
| Amortization of intangible assets | -- | -- | 110 |
| Stock based compensation expenses | 123 | 155 | 246 |
| Inventory write-off | 850 | -- | 303 |

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| | Three months ended | |
|---|-----------------------|-----------------------|
| | September 30, 2008 | September 30, 2007 |
| Impairment loss on equipment and intangibles related to Hypernex assets and liabilities acquisition | -- | 3,831 |
| Non-GAAP Net income (loss) for the quarter | (1,651) | 820 |
| Non-GAAP net income (loss) per share: | | |
| Basic | (0.09) | 0.04 |
| Diluted | (0.09) | 0.04 |
| Shares used for calculation of non-GAAP net income (loss) per share: | | |
| Basic | 19,378 | 19,026 |
| Diluted | 19,378 | 19,632 |
| | Nine months ended | |
| | September 30, 2008 | September 30, 2007 |
| GAAP Net loss for the quarter | (3,850) | (3,240) |
| <u>Non-GAAP Adjustments:</u> | | |
| Stock based compensation expenses | 442 | 769 |
| Amortization of intangible assets | -- | 326 |
| Inventory write-off | 850 | 303 |
| Impairment loss on equipment and intangibles related to Hypernex assets and liabilities acquisition | 633 | 3,831 |
| Non-GAAP Net income (loss) for the quarter | (1,925) | 1,989 |
| Non-GAAP net income (loss) per share: | | |
| Basic | (0.10) | 0.10 |
| Diluted | (0.10) | 0.10 |
| Shares used for calculation of non-GAAP net income (loss) per share: | | |
| Basic | 19,366 | 18,390 |
| Diluted | 19,366 | 19,068 |

