

NOVA MEASURING INSTRUMENTS LTD  
Form 6-K  
February 17, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

February 17, 2016

Commission File No.: 000-30668

NOVA MEASURING INSTRUMENTS LTD.  
(Translation of registrant's name into English)

Building 22 Weizmann Science Park, Rehovot  
P.O.B 266  
Israel  
(Address of principal executive offices)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Attached hereto and incorporated by way of reference herein is a press release issued by the Registrant and entitled: "Nova Announces 2015 Full-Year Results".

The financial statements tables included in the press release (pages 5-7 of the press release) are hereby incorporated by reference into the Registrant's registration statements on Form S-8, filed with the Securities and Exchange Commission on the following dates: December 29, 2005 (File No. 333-130745); November 5, 2007 (File No. 333-147140); October 25, 2012 (File No. 333-184585) and March 6, 2015 (File No. 333-202550).

#### 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.  
(Registrant)

Date: February 17, 2016

By: /s/ Dror David

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Dror David  
Chief Financial Officer

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## Company Press Release

### Nova Announces 2015 Full-Year Results

Record Annual Revenues of \$148.5 million  
Annual Non-GAAP Net Income of \$21.0 million

Rehovot, Israel, February 17, 2016 - Nova Measuring Instruments (Nasdaq: NVMI), a leading innovator and a key provider of metrology solutions for advanced process control used in semiconductor manufacturing, today reported record 2015 full-year results. The company closed the acquisition of ReVera on April 2, 2015. Accordingly, the company's fourth quarter and annual results include the contribution of ReVera, with no similar contribution in some of the previous periods.

#### Fourth Quarter 2015 Highlights:

- Revenues of \$40.0 million, at the high end of the guidance (\$37-\$41 million)
- Non-GAAP net income of \$5.3 million, or \$0.19 per diluted share, at the high end of guidance (\$0.11-\$0.20 per diluted share)
- Diversified customer mix yielded four customers contributing more than 10% each to the quarterly revenues, including one leading memory customer
- Selected by the world's leading foundry to deliver Optical and X-ray metrology solutions for multiple process steps at 10/7/5nm technology nodes

#### Full Year 2015 Highlights:

- Record full-year revenues of \$148.5 million
- Non-GAAP net income of \$21.0 million, or \$0.76 per diluted share
- Five customers contributed 10% or more to annual product revenues, compared to only two in 2014
- Product revenues from the Memory segment grew to 30% of annual product revenues, compared to only 15% in 2014
- Growing customers' adoption of Nova's software solutions generated 104% increase in annual software revenues
- Creating a unique offering with the successful integration of ReVera

|                            | GAAP Results (\$K)     |          |          |            |            |
|----------------------------|------------------------|----------|----------|------------|------------|
|                            | Q4 2015                | Q3 2015  | Q4 2014  | FY 2015    | FY 2014    |
| Revenues                   | \$40,022               | \$40,446 | \$25,823 | \$ 148,514 | \$ 120,618 |
| Net Income                 | \$5,161                | \$5,437  | \$3,291  | \$ 15,725  | \$ 18,652  |
| Earnings per Diluted Share | \$0.19                 | \$0.20   | \$0.12   | \$ 0.57    | \$ 0.67    |
|                            | NON-GAAP Results (\$K) |          |          |            |            |
|                            | Q4 2015                | Q3 2015  | Q4 2014  | FY 2015    | FY 2014    |
| Net Income                 | \$5,278                | \$6,316  | \$2,259  | \$ 21,030  | \$ 19,150  |
| Earnings per Diluted Share | \$0.19                 | \$0.23   | \$0.08   | \$ 0.76    | \$ 0.69    |

A reconciliation between GAAP operating results and non-GAAP operating results is provided following the financial statements that are part of this release. Non-GAAP results exclude amortization of acquired intangible assets, deferred tax assets adjustments (net), stock-based compensation expenses and acquisition related expenses.

#### Management Comments

“The fourth quarter results represent a strong finish to a record year, with revenues and net income at the high end of our guidance,” commented Eitan Oppenheim, President and Chief Executive Officer of Nova. “Our annual achievements demonstrate once again our ability to execute upon our strategic initiatives, while improving our products and customers diversification and maintaining a solid operational model. Today, Nova’s industry leading position is supported by a growing base of customers that are embracing our ability to deliver best-in-class optical and x-ray suit of products, augmented by advanced software and modeling solutions. With these solid results, we are well positioned to win more opportunities in the market, setting the stage for Nova’s continued growth in the coming years.”

#### 2016 First Quarter Financial Outlook

Management provided an outlook for the first quarter, the period ending March 31, 2016.

Based on current estimates, management expects:

- \$33 million to \$37 million in revenue
- \$0.10 to \$0.17 in diluted non-GAAP EPS
- \$0.06 to \$0.11 in diluted GAAP EPS

#### 2015 Fourth Quarter Results

Total revenues for the fourth quarter of 2015 were \$40.0 million, decrease of 1% compared to the third quarter of 2015, and an increase of 55% relative to the fourth quarter of 2014.

Gross margin for the fourth quarter of 2015 was 52%, and included \$1.1 million of amortization of acquired intangible assets in cost of product. This is compared with 56% in the third quarter of 2015 and compared with 52% in the fourth quarter of 2014.

Operating expenses in the fourth quarter of 2015 were \$17.3 million, and included \$0.4 million of amortization of acquired intangible assets. This is compared with \$17.4 million in the third quarter of 2015 and compared to \$11.9 million in the fourth quarter of 2014.

On a GAAP basis, the company reported net income of \$5.2 million, or \$0.19 per diluted share, in the fourth quarter of 2015. This is compared with net income of \$5.4 million, or \$0.20 per diluted share, in the third quarter of 2015. The company reported net income of \$3.3 million, or \$0.12 per diluted share, in the fourth quarter of 2014.

On a Non-GAAP basis, which excludes amortization of acquired intangible assets, adjustments of deferred tax assets and stock-based compensation expenses, the company reported net income of \$5.3 million, or \$0.19 per diluted share, in the fourth quarter of 2015. This is compared net income of \$6.3 million, or \$0.23 per diluted share, in the third quarter of 2015 and to net income of \$2.3 million, or \$0.08 per diluted share, in the fourth quarter of 2014.

#### 2015 Full Year Results

Total revenues for 2015 were \$148.5 million, an increase of 23% compared to total revenues of \$120.6 million for 2014.

Gross margin in 2015 was 52%, and included \$3.5 million of amortization of acquired intangible assets in cost of product. This is compared with gross margin of 53% in 2014.

Operating expenses in 2015 were \$65.5 million, and included \$2.7 million of acquisition related expenses and \$1.5 million of amortization of acquired intangible assets. This is compared with operating expenses of \$46.7 in 2014.

On a GAAP basis, the company reported net income of \$15.7 million, or \$0.57 per diluted share, in 2015. This is compared with net income of \$18.7 million, or \$0.67 per diluted share, in 2014.

On a Non-GAAP basis, which excludes amortization of acquired intangible assets, adjustments of deferred tax assets, stock-based compensation expenses and acquisition related expenses, the company reported net income of \$21.0 million, or \$0.76 per diluted share, in 2015. This is compared with net income of \$19.2 million, or \$0.69 per diluted share, in 2014.

Total cash reserves at the end of 2015 were \$97.8 million, compared to \$123.7 million at the end of 2014.

#### Conference Call Information

Nova will host a conference call on Wednesday, February 17, 2016 at 4:30 p.m. Eastern Time, to discuss the fourth quarter results and future outlook.

To attend the conference call, please dial one of the following teleconferencing numbers. Please begin by placing your calls 5 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

U.S. Dial-in Number: 1-888-401-4668

ISRAEL Dial-in Number: 1 80 924 5906

INTERNATIONAL Dial-in Number: 1-719-457-2083

At:

4:30 p.m. Eastern Time

1:30 p.m. Pacific Time

11:30 p.m. Israeli Time

Please reference conference ID 2897451

The conference call will also be webcast live from a link on Nova's website at <http://ir.novameasuring.com>. For those unable to participate in the conference call, there will be a replay available from a link on Nova's website at <http://ir.novameasuring.com>.

About Nova: Nova Measuring Instruments Ltd. delivers continuous innovation by providing advanced metrology solutions for the semiconductor manufacturing industry. Deployed with the world's largest integrated-circuit manufacturers, Nova's products deliver state-of-the-art, high-performance metrology solutions for effective process control throughout the semiconductor fabrication lifecycle. Nova's product portfolio, which combines high-precision hardware and cutting-edge software, supports the development and production of the most advanced devices in today's high-end semiconductor market. Nova's technical innovation and market leadership enable customers to improve process performance, enhance products' yields and accelerate time to market. Nova acts as a partner to semiconductor manufacturers from its offices around the world. Additional information may be found at [www.novameasuring.com](http://www.novameasuring.com).

Nova is traded on the NASDAQ & TASE under the symbol NVMI.

This press release provides financial measures that exclude non-cash charges for amortization of acquired intangible assets, deferred tax assets adjustments (net), stock-based compensation expenses and acquisition related expenses 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 or benefits 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.

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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, but are not limited to, anticipated growth opportunities and projections about our business and its future revenues, expenses 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. Factors that may affect our results, performance, circumstances or achievements include, but are not limited to, the following: our dependency on three product lines; our dependency on a small number of large customers and small number of suppliers; the highly cyclical and competitive nature of the markets we target and we operate in; 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; our ability to recognize the benefits of ReVera acquisition and risks that the acquisition may disrupt current plans and operations and impact relationships with customers, distributors and suppliers; our dependency on PEMs; risks related to exclusivity obligations and non-limited liability that may be included in our commercial agreements and arrangements; our ability to retain our competitive position despite the ongoing consolidation in our industry; risks related to our dependence on our manufacturing facilities; risks related to changes in our order backlog; risks related to the worldwide financial instabilities; risks related to our intellectual property; new product offerings from our competitors; unanticipated manufacturing or supply problems; changes in tax requirements; changes in customer demand for our products; risks related to currency fluctuations, risks related to acquisitions we may pursue and risks related to our operations in Israel. We cannot guarantee future results, levels of activity, performance or achievements. The matters discussed in

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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, 2014 filed with the Securities and Exchange Commission on February 25, 2015. 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.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(U.S. dollars in thousands) - (Unaudited)

|   | As of December 31, |                   |
|---|--------------------|-------------------|
|   | 2015               | 2014<br>(Audited) |
| <b>ASSETS</b>                                     |                    |                   |
| <b>Current assets</b>                             |                    |                   |
| Cash and cash equivalents                         | 27,733             | 13,649            |
| Short-term interest-bearing bank deposits         | 69,298             | 107,289           |
| Held for trading securities                       | -                  | 1,995             |
| Trade accounts receivable                         | 19,046             | 15,566            |
| Inventories                                       | 27,683             | 16,107            |
| Deferred tax assets                               | 3,540              | 142               |
| Other current assets                              | 2,888              | 3,097             |
| <b>Total current assets</b>                       | <b>150,188</b>     | <b>157,845</b>    |
| <b>Long-term assets</b>                           |                    |                   |
| Long-term interest-bearing bank deposits          | 750                | 750               |
| Deferred tax assets                               | 5,735              | 1,654             |
| Severance pay funds                               | 1,514              | 1,580             |
| Property and equipment, net                       | 11,062             | 11,450            |
| Identifiable intangible assets, net               | 17,906             | -                 |
| Goodwill  | 20,114             | -                 |
| <b>Total long-term assets</b>                     | <b>57,081</b>      | <b>15,434</b>     |
| <b>Total assets</b>                               | <b>207,269</b>     | <b>173,279</b>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                    |                   |
| <b>Current liabilities</b>                        |                    |                   |
| Trade accounts payable                            | 14,378             | 11,568            |
| Deferred revenues                                 | 5,828              | 3,022             |
| Deferred tax liabilities                          | 956                | -                 |
| Other current liabilities                         | 15,996             | 12,606            |
| <b>Total current liabilities</b>                  | <b>37,158</b>      | <b>27,196</b>     |
| <b>Long-term liabilities</b>                      |                    |                   |
| Deferred tax liabilities                          | 5,760              | -                 |
| Liability for employee severance pay              | 2,469              | 2,465             |
| Other long-term liabilities                       | 822                | -                 |
| Deferred revenues                                 | -                  | 36                |
| <b>Total long-term liabilities</b>                | <b>9,051</b>       | <b>2,501</b>      |
| <b>Shareholders' equity</b>                       | <b>161,060</b>     | <b>143,582</b>    |
| <b>Total liabilities and shareholders' equity</b> | <b>207,269</b>     | <b>173,279</b>    |



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

|  | Three months ended<br>December 31, |        | Year ended<br>December 31,<br>2014<br>(Audited) |         |
|--|------------------------------------|--------|---|---------|
|  | 2015                               | 2014   | 2015  | 2014    |
| <b>Revenues:</b>   |                                    |        |   |         |
| Products   | 30,581                             | 17,260 | 111,178   | 92,208  |
| Services   | 9,441                              | 8,563  | 37,336  | 28,410  |
| Total revenues   | 40,022                             | 25,823 | 148,514   | 120,618 |
| <b>Cost of revenues:</b>                                       |                                    |        |   |         |
| Products   | 12,593                             | 7,394  | 47,185  | 39,784  |
| Services   | 5,524                              | 4,967  | 20,743  | 17,221  |
| Amortization of acquired intangible assets in cost of products | 1,051                              | -      | 3,506   | -       |
| Total cost of revenues   | 19,168                             | 12,361 | 71,434  | 57,005  |
| Gross profit   | 20,854                             | 13,462 | 77,080  | 63,613  |
| <b>Operating expenses:</b>                                     |                                    |        |   |         |
| Research and Development expenses, net                         | 10,826                             | 7,935  | 39,703  | 29,498  |
| Sales and Marketing expenses                                   | 4,474                              | 2,948  | 15,768  | 12,747  |
| General and Administration expenses                            | 1,606                              | 981    | 5,856   | 4,457   |
| Acquisition related expenses                                   | -                                  | -      | 2,655   | -       |
| Amortization of acquired intangible assets                     | 378                                | -      | 1,517   | -       |
| Total operating expenses                                       | 17,284                             | 11,864 | 65,499  | 46,702  |
| Operating income   | 3,570                              | 1,598  | 11,581  | 16,911  |
| Financing income, net  | 184                                | 166    | 643   | 563     |
| Income before tax on income                                    | 3,754                              | 1,764  | 12,224  | 17,474  |
| Income tax benefit   | 1,407                              | 1,527  | 3,501   | 1,178   |
| Net income for the period                                      | 5,161                              | 3,291  | 15,725  | 18,652  |
| <b>Earnings per share:</b>                                     |                                    |        |   |         |
| Basic  | 0.19                               | 0.12   | 0.58  | 0.68    |
| Diluted  | 0.19                               | 0.12   | 0.57  | 0.67    |
| <b>Shares used for calculation of earnings per share:</b>      |                                    |        |   |         |
| Basic  | 27,073                             | 27,273 | 27,185  | 27,447  |
| Diluted  | 27,334                             | 27,491 | 27,510  | 27,807  |



## NOVA MEASURING INSTRUMENTS LTD.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands) - (Unaudited)

|  | Three months ended<br>December 31, |                 | Year ended<br>December 31,<br>2014<br>(Audited) |                  |
|--|------------------------------------|-----------------|---|------------------|
|  | 2015                               | 2014            | 2015  |                  |
| <b>Cash flows from operating activities:</b>   |                                    |                 |   |                  |
| Net income for the period  | 5,161                              | 3,291           | 15,725  | 18,652           |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                    |                 |   |                  |
| Depreciation   | 1,288                              | 1,005           | 4,597   | 3,951            |
| Amortization of acquired intangible assets   | 1,429                              | -               | 5,023   | -                |
| Amortization of deferred stock-based compensation  | 765                                | 510             | 2,673   | 2,124            |
| Increase (decrease) in liability for employee termination benefits, net                  | 35                                 | (42 )           | 70  | (71 )            |
| Deferred tax assets, net   | (2,077 )                           | (1,542 )        | (5,046 )  | (1,626 )         |
| Gain (loss) on securities  | (23 )                              | 175             | (10 )   | 175              |
| Decrease (increase) in trade accounts receivable   | 4,297                              | 7,208           | (1,959 )  | 12,381           |
| Decrease (increase) in inventories   | 745                                | 935             | (1,949 )  | 2,226            |
| Decrease (increase) in other current assets  | 872                                | (386 )          | 370   | 408              |
| Increase (decrease) in trade accounts payable  | 1,469                              | 2,674           | 1,604   | (4,038 )         |
| Increase (decrease) in other current liabilities and other long-term liabilities         | 683                                | (438 )          | 3,329   | 64               |
| Increase (decrease) in short and long term deferred revenues                             | (1,928 )                           | (1,127 )        | 1,361   | (703 )           |
| <b>Net cash provided by operating activities</b>   | <b>12,716</b>                      | <b>12,263</b>   | <b>25,788</b>                                   | <b>33,543</b>    |
| <b>Cash flow from investment activities:</b>   |                                    |                 |   |                  |
| Decrease (increase) in short-term interest-bearing bank deposits                         | (10,045 )                          | (7,295 )        | 37,991  | (27,737 )        |
| Proceeds from short-term available for sale securities                                   | -                                  | 1,617           | -   | 1,617            |
| Investment in short-term held for trading securities                                     | -                                  | (1,942 )        | -   | (1,942 )         |
| Proceeds from short-term held for trading securities                                     | 2,005                              | -               | 2,005   | -                |
| Acquisition of subsidiary, net of acquired cash  | -                                  | -               | (45,344 )                                       | -                |
| Additions to property and equipment  | (2,205 )                           | (1,693 )        | (4,373 )  | (5,234 )         |
| <b>Net cash used in investment activities</b>  | <b>(10,245 )</b>                   | <b>(9,313 )</b> | <b>(9,721 )</b>                                 | <b>(33,296 )</b> |
| <b>Cash flows from financing activities:</b>   |                                    |                 |   |                  |
| Purchases of treasury shares   | -                                  | (2,450 )        | (4,302 )  | (6,726 )         |
| Shares issued under employee stock-based plans   | 232                                | -               | 2,319   | 2,586            |
| <b>Net cash provided by (used in) financing activities</b>                               | <b>232</b>                         | <b>(2,450 )</b> | <b>(1,983 )</b>                                 | <b>(4,140 )</b>  |
| <b>Increase (decrease) in cash and cash equivalents</b>                                  | <b>2,703</b>                       | <b>500</b>      | <b>14,084</b>                                   | <b>(3,893 )</b>  |
| Cash and cash equivalents – beginning of period  | 25,030                             | 13,149          | 13,649  | 17,542           |

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Cash and cash equivalents – end of period | 27,733 | 13,649 | 27,733 | 13,649 |
|---|--------|--------|--------|--------|

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NOVA MEASURING INSTRUMENTS LTD.  
RECONCILIATION OF GAAP TO NON-GAAP RESULTS  
(U.S. dollars in thousands, except percentage) - (Unaudited)

|  | December<br>31, 2015 | Three months ended    |  | December<br>31, 2014 |
|--|----------------------|-----------------------|--|----------------------|
|  |                      | September<br>30, 2015 |  |                      |
| GAAP cost of revenues  | 19,168               | 17,812                |  | 12,361               |
| Amortization of acquired intangible assets in cost of products | (1,051 )             | (13 )                 |  | -                    |
| Stock-based compensation in cost of products                   | (94 )                | (109 )                |  | (78 )                |
| Stock-based compensation in cost of services                   | (63 )                | (62 )                 |  | (28 )                |
| Non-GAAP cost of revenues                                      | 17,960               | 17,628                |  | 12,255               |
| GAAP gross profit  | 20,854               | 22,634                |  | 13,462               |
| Gross profit adjustments                                       | 1,208                | 184                   |  | 106                  |
| Non-GAAP gross profit  | 22,062               | 22,818                |  | 13,568               |
| GAAP gross margin as a percentage of revenues                  | 52 %                 | 56 %                  |  | 52 %                 |
| Non-GAAP gross margin as a percentage of revenues              | 55 %                 | 56 %                  |  | 53 %                 |
| GAAP operating expenses  | 17,284               | 17,385                |  | 11,864               |
| Stock-based compensation in Research and Development           | (322 )               | (318 )                |  | (184 )               |
| Stock-based compensation in Sales and Marketing                | (213 )               | (205 )                |  | (160 )               |
| Stock-based compensation in General and Administrative         | (73 )                | (84 )                 |  | (60 )                |
| Amortization of acquired intangible assets                     | (378 )               | (570 )                |  | -                    |
| Non-GAAP operating expenses                                    | 16,298               | 16,208                |  | 11,460               |
| Non-GAAP operating income                                      | 5,764                | 6,610                 |  | 2,108                |
| GAAP operating margin as a percentage of revenues              | 9 %                  | 13 %                  |  | 6 %                  |
| Non-GAAP operating margin as a percentage of revenues          | 14 %                 | 16 %                  |  | 8 %                  |
| GAAP tax on income   | (1,407 )             | (94 )                 |  | (1,527 )             |
| Deferred tax assets adjustments, net                           | 2,077                | 482                   |  | 1,542                |
| Non-GAAP tax on income   | 670                  | 388                   |  | 15                   |
| GAAP net income  | 5,161                | 5,437                 |  | 3,291                |
| Amortization of acquired intangible assets                     | 1,429                | 583                   |  | -                    |
| Stock-based compensation expenses                              | 765                  | 778                   |  | 510                  |
| Deferred tax assets adjustments, net                           | (2,077 )             | (482 )                |  | (1,542 )             |
| Non-GAAP net income  | 5,278                | 6,316                 |  | 2,259                |
| GAAP basic earnings per share                                  | 0.19                 | 0.20                  |  | 0.12                 |
| Non-GAAP basic earnings per share                              | 0.19                 | 0.23                  |  | 0.08                 |
| GAAP diluted earnings per share                                | 0.19                 | 0.20                  |  | 0.12                 |
| Non-GAAP diluted earnings per share                            | 0.19                 | 0.23                  |  | 0.08                 |
| Shares used for calculation of earnings per share:             |                      |                       |  |                      |
| Basic  | 27,073               | 27,172                |  | 27,273               |
| Diluted  | 27,334               | 27,481                |  | 27,491               |





NOVA MEASURING INSTRUMENTS LTD.  
RECONCILIATION OF GAAP TO NON-GAAP RESULTS  
(U.S. dollars in thousands, except percentage) - (Unaudited)

|  | Year ended December 31, |          |
|--|-------------------------|----------|
|  | 2015                    | 2014     |
| GAAP cost of revenues  | 71,434                  | 57,005   |
| Amortization of acquired intangible assets in cost of products | (3,506 )                | -        |
| Stock-based compensation in cost of products                   | (373 )                  | (375 )   |
| Stock-based compensation in cost of services                   | (203 )                  | (178 )   |
| Non-GAAP cost of revenues                                      | 67,352                  | 56,452   |
| GAAP gross profit  | 77,080                  | 63,613   |
| Gross profit adjustments                                       | 4,082                   | 553      |
| Non-GAAP gross profit  | 81,162                  | 64,166   |
| GAAP gross margin as a percentage of revenues                  | 52 %                    | 53 %     |
| Non-GAAP gross margin as a percentage of revenues              | 55 %                    | 53 %     |
| GAAP operating expenses  | 65,499                  | 46,702   |
| Stock-based compensation in Research and Development           | (1,084 )                | (870 )   |
| Stock-based compensation in Sales and Marketing                | (744 )                  | (446 )   |
| Stock-based compensation in General and Administrative         | (269 )                  | (255 )   |
| Acquisition related expenses                                   | (2,655 )                | -        |
| Amortization of acquired intangible assets                     | (1,517 )                | -        |
| Non-GAAP operating expenses                                    | 59,230                  | 45,131   |
| Non-GAAP operating income                                      | 21,932                  | 19,035   |
| GAAP operating margin as a percentage of revenues              | 8 %                     | 14 %     |
| Non-GAAP operating margin as a percentage of revenues          | 15 %                    | 16 %     |
| GAAP tax on income   | (3,501 )                | (1,178 ) |
| Deferred tax assets adjustments, net                           | 5,046                   | 1,626    |
| Non-GAAP tax on income   | 1,545                   | 448      |
| GAAP net income  | 15,725                  | 18,652   |
| Amortization of acquired intangible assets                     | 5,023                   | -        |
| Stock-based compensation expenses                              | 2,673                   | 2,124    |
| Deferred tax assets adjustments, net                           | (5,046 )                | (1,626 ) |
| Acquisition related expenses                                   | 2,655                   | -        |
| Non-GAAP net income  | 21,030                  | 19,150   |
| GAAP basic earnings per share                                  | 0.58                    | 0.68     |
| Non-GAAP basic earnings per share                              | 0.77                    | 0.70     |
| GAAP diluted earnings per share                                | 0.57                    | 0.67     |
| Non-GAAP diluted earnings per share                            | 0.76                    | 0.69     |
| Shares used for calculation of earnings per share:             |                         |          |
| Basic  | 27,185                  | 27,447   |
| Diluted  | 27,510                  | 27,807   |

