

NOVA MEASURING INSTRUMENTS LTD  
Form 6-K  
February 19, 2004

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**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
of the **Securities Exchange Act of**  
**1934**

February 19<sup>th</sup>, 2004

**NOVA MEASURING INSTRUMENTS LTD.**

Building 22 Weitzmann Science Park, Rehovoth  
P.O.B 266

[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 by furnishing the  
information contained in this Form is also thereby furnishing the  
information to the Commission pursuant to Rule 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 Rule 12g3-2(b): N/A.

Attached hereto and incorporated by way of reference herein the Registrants Announces Positive 2003 Fourth Quarter and Year-End Results

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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  
Nova Measuring Instruments Ltd (the "Registrant")

February 19<sup>th</sup>, 2004

BY: /S/ Chai Toren

Chai Toren  
Chief Financial Officer

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**Company Press Release**

**Nova Measuring Instruments  
Announces Positive 2003 Fourth Quarter and Year-End Results.**

**Rehovoth, Israel, - Feb 19, 2004** - Nova Measuring Instruments, Ltd. (Nasdaq: NVMI), today reported results for the fourth quarter of 2003 and the year ended December 31, 2003.

**2003 Fourth Quarter Results**

Total revenues for the fourth quarter of 2003 were \$8.1 million, a 9% sequential increase over revenues of \$7.4 million for the third quarter of 2003, and a 45% increase over revenues of \$5.6 million reported for the fourth quarter of 2002.

The Company reported gross profit of \$3.1 million (39% of revenues) compared with gross profit of \$3.1 million (42% of revenues) in the third quarter of 2003, and gross profit of \$1.8 million (32% of sales) for the fourth quarter of 2002. Net profit for the quarter was \$0.6 million or \$0.04 per share, compared with loss of \$(0.8) million, or \$(0.06) per share, in the third quarter of 2003 and loss of \$(2.5) million, or \$(0.17) per share, in the fourth quarter of 2002. Fourth quarter 2003 results include stock-based compensation expenses of \$0.1 million.

Research and development expenses were \$3.0 million (37% of revenues) compared with \$1.8 million (25% of revenues) in the third quarter of 2003 and \$2.2 million (40% of revenues), in the fourth quarter of 2002. The increase in R&D expenses also includes expenses of \$750,000 for the initiation of a new program for a novel generation of process control solutions; solutions to meet <=65nm technology nodes requirements. Sales and marketing expenses were \$1.5 million (19% of revenues) compared with \$1.7 million (23% of revenues) in the third quarter of 2003, and \$1.7 million (31% of revenues) in the fourth quarter of 2002.

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**Year 2003 Annual Results**

The Company reported total revenues for the year 2003 of \$26.7 million, a 31% sequential increase of revenues compared with \$20.4 million revenues in 2002. Gross profit was \$10.1 million (37% of revenues) in 2003, compared with gross profit of \$7.0 million (34% of revenues) in 2002. Service revenues for the year 2003 were \$5.5 million (21% of revenues) as compared with \$5.9 million (29% of revenues) in 2002 .

Loss for the year was \$(4.2) million, or \$(0.28) per share, compared with loss of \$(13.0) million, or \$(0.88) per share, in 2002. Year 2003 financial results include stock-based compensation expenses of approximately \$0.5 million.

Research and development net expenses relating to the development of the existing and new generations of process control systems for copper CMP, Photolithography and Etch were \$8.6 million (32% of revenues), as compared with \$9.9 million (49% of revenues) in 2002. Reversal of provisions made in previous years for the repayment of the Chief Scientist grants in the amount of \$2.2 million is included as Other Operating Income in the Statement of Operations for the year ended December 31, 2003.

Sales & Marketing expenses were \$6.5 million (24% of revenues), as compared with \$6.9 million (34% of revenues) in 2002. These expenses represent the Company's efforts in the penetration of new products, including the penetration into Japan, China and the Asia-Pacific region, along with focused efforts to increase collaboration with the leading process equipment manufacturers.

Dr. Giora Dishon, President & CEO of Nova commented, Overall, Year 2003 results reflect the beginning of a recovery of the semiconductor equipment industry after two and a half years of slowdown (according to Dataquest report from 12/2003: (-28%) in 2001, (-33%)

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in 2002, (+4% in 2003). Our results for 2003 show a 31% increase in revenues vs. 2002 with improved gross margins. Furthermore, achieving net profit in the fourth quarter of 2003 is a significant event for us.

We continued our efforts in developing and maturing several new process control systems based on our pioneering Integrated Process Control concept, a concept that has become a major trend in the semiconductor industry. We maintained our leading 70% market share position and increased revenues from the Asia-Pacific region, Japan and China. About 4% of the revenues were generated from multiple sales of our NovaScan CD systems in both stand-alone and integrated configurations, and we expect significant increase in revenues from these systems in 2004.

Dr. Dishon added, In 2003, with the continuing of slowdown market conditions, the company maintained its efficiency policy. The cash position at the end of the year was better than anticipated, with \$33M at the end of the year. For ten consecutive quarters, with the gradual increase in revenues and continuing cost control measures and lean manufacturing, the company achieved a quarterly decrease in losses and reached a modest net profit in the fourth quarter of 2003. Further, this was despite a continuing decline in the US\$ versus the Euro, Japanese Yen and Israeli Shekel. Looking forward, according to Dataquest's most recent research report (December 2003), the Integrated Process Control (IPC) market (mostly thin film and optical CD), a market segment, which we pioneered and continue to lead, is expected to grow much faster than most other market segments. Combined with the general upturn of the semiconductor equipment industry (expected to be about 40% over 2004), we believe this will create more opportunities for the Company's growth.

Dr. Dishon concluded We would like to assure our valued shareholders that we will continue our focused development, marketing and sales efforts to bring new products to the industry. This will enable us to leverage from our strong infrastructure, the dramatic shift to a higher level of spending in process control and from the industry's continuous technological advances through its progress toward smaller design rules, copper and low-k, as well as from the transition to 300mm manufacturing.

The Company will host a conference call today February 19th, 2004, at 10:00 EDT. To participate please dial in the US 1-866-500-4953 or 1-866-500-4964 or international +972-3-9255910. Conference call presentation will be available on the company's website [www.nova.co.il](http://www.nova.co.il), during the call.

### **About Nova**

Nova Measuring Instruments Ltd. develops, designs and produces integrated process control systems in the semiconductor manufacturing industry. Nova provides a broad range of integrated process control solutions that link between different semiconductor processes and process equipment. The Company's website is [www.nova.co.il](http://www.nova.co.il).

*This press release may contain forward-looking statements, including statements related to anticipated growth rates, manufacturing capacity and tax rate. Actual results may differ materially from those projected due to a number of risks, including 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, or changes in tax requirements. Nova 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 Form F-1 filed with the Securities and Exchange Commission on April 9, 2000. 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)

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

|                             | <b>Year ended December 31,</b> |               |               |
|-----------------------------|--------------------------------|---------------|---------------|
|                             | <b>2003</b>                    | <b>2002</b>   | <b>2001</b>   |
| <b>REVENUES</b>             |                                |               |               |
| Revenues from product sales | 21,152                         | 14,506        | 14,735        |
| Revenues from services      | 5,536                          | 5,865         | 6,436         |
|                             | <b>26,688</b>                  | <b>20,371</b> | <b>21,171</b> |

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|  | Year ended December 31, |                 |                 |
|--|-------------------------|-----------------|-----------------|
|  |                         |                 |                 |
| <b>COST OF REVENUES</b>                                  |                         |                 |                 |
| Cost of product sales                                    | 10,270                  | 6,752           | 9,175           |
| Cost of services   | 6,265                   | 6,601           | 7,295           |
|  | <u>16,535</u>           | <u>13,353</u>   | <u>16,470</u>   |
| <b>GROSS PROFIT</b>                                      | <u>10,153</u>           | <u>7,018</u>    | <u>4,701</u>    |
| <b>OPERATING COSTS AND EXPENSES</b>                      |                         |                 |                 |
| Research & Development expenses, net                     | 8,561                   | 9,894           | 13,253          |
| Technology for use in Research & Development             | -                       | 1,478           | -               |
| Sales & Marketing expenses                               | 6,534                   | 6,950           | 6,852           |
| General & Administrative expenses                        | 1,898                   | 1,797           | 3,032           |
| Other Operating expenses (income)                        | (2,203)                 | -               | 1,025           |
|  | <u>14,790</u>           | <u>20,119</u>   | <u>24,162</u>   |
| <b>OPERATING LOSS</b>                                    | (4,637)                 | (13,101)        | (19,461)        |
| <b>INTEREST INCOME, NET</b>                              | 425                     | 144             | 2,587           |
| <b>LOSS FOR THE YEAR</b>                                 | <u>(4,212)</u>          | <u>(12,957)</u> | <u>(16,874)</u> |
| <b>Loss per share</b>                                    | <u>(0.28)</u>           | <u>(0.88)</u>   | <u>(1.16)</u>   |
| <b>Comments:</b>   |                         |                 |                 |
| 1. Employee stock-based compensation (SBC) expenses      | 540                     | 1,073           | 1,777           |
| 2. Shares for calculation of loss per share:             | <u>14,994</u>           | <u>14,786</u>   | <u>14,578</u>   |
| 3. The adjusted results excluding employee SBC expenses: |                         |                 |                 |
| Gross profit   | 10,218                  | 7,147           | 4,915           |
| Operating expenses                                       | 16,518                  | 19,175          | 22,599          |
| Loss for the year  | (3,672)                 | (11,884)        | (15,097)        |
| Loss per share   | (0.24)                  | (0.80)          | (1.04)          |

**NOVA MEASURING INSTRUMENTS LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

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

|                         | Three months ended |                    |
|-------------------------|--------------------|--------------------|
|                         | December 31, 2003  | September 30, 2003 |
|                         | (unaudited)        |                    |
| <b>REVENUES</b>         |                    |                    |
| Product sales           | 6,508              | 5,827              |
| Services                | 1,582              | 1,565              |
|                         | <u>8,090</u>       | <u>7,392</u>       |
| <b>COST OF REVENUES</b> |                    |                    |
| Product sales           | 3,141              | 2,794              |
| Services                | 1,807              | 1,526              |

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|   | Three months ended |                   |
|---|--------------------|-------------------|
|   | December 31, 2003  | December 31, 2002 |
|   | 4,948              | 4,320             |
| <b>GROSS PROFIT</b>   | 3,142              | 3,072             |
| <b>OPERATING COSTS AND EXPENSES</b>   |                    |                   |
| Research & Development expenses, net  | 2,991              | 1,813             |
| Sales & Marketing expenses  | 1,516              | 1,727             |
| General & Administration expenses   | 358                | 466               |
| Other operating expenses (income)   | (2,203)            | -                 |
|   | 2,662              | 4,006             |
| <b>OPERATING PROFIT (LOSS)</b>  | 480                | (934)             |
| <b>INTEREST INCOME</b>  | 97                 | 87                |
| <b>PROFIT (LOSS) FOR THE PERIOD</b>   | 577                | (847)             |
| <b>EARNINGS (LOSS) PER SHARE</b>  | 0.04               | (0.06)            |
| <b>Comments:</b>  |                    |                   |
| 1. Employee Stock Based Compensation expenses                               | 133                | 134               |
| 2. Shares for calculation of earnings (loss) per share<br>Basic and Diluted | 15,118             | 14,988            |
| 3. The adjusted results excluding Employee<br>Stock Based Compensation:     |                    |                   |
| Gross profit  | 3,158              | 3,088             |
| Operating expenses  | 2,545              | 3,888             |
| Profit (Loss)   | 710                | (800)             |
| Earnings (Loss) per share   | 0.05               | (0.05)            |

**NOVA MEASURING INSTRUMENTS LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

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

|                         | Three months ended |                   |
|-------------------------|--------------------|-------------------|
|                         | December 31, 2003  | December 31, 2002 |
|                         | (unaudited)        |                   |
| <b>REVENUES</b>         |                    |                   |
| Product sales           | 6,508              | 4,476             |
| Services                | 1,582              | 1,097             |
|                         | 8,090              | 5,573             |
| <b>COST OF REVENUES</b> |                    |                   |
| Product sales           | 3,141              | 2,224             |
| Services                | 1,807              | 1,553             |

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|   | Three months ended |         |
|---|--------------------|---------|
|   | 4,948              | 3,777   |
| <b>GROSS PROFIT</b>   | 3,142              | 1,796   |
| <b>OPERATING COSTS AND EXPENSES</b>   |                    |         |
| Research & Development expenses, net  | 2,991              | 2,228   |
| Sales & Marketing expenses  | 1,516              | 1,735   |
| General & Administration expenses   | 358                | 489     |
| Other operating expenses (Income) (Note 10)                                 | (2,203)            | -       |
|   | 2,662              | 4,452   |
| <b>OPERATING PROFIT (LOSS)</b>  | 480                | (2,656) |
| <b>INTEREST INCOME</b>  | 97                 | 168     |
| <b>PROFIT (LOSS)</b>  | 577                | (2,488) |
| <b>EARNINGS (LOSS) PER SHARE</b>  | 0.04               | (0.17)  |
| <b>Comments:</b>  |                    |         |
| 1. Employee Stock Based Compensation expenses                               | 133                | 160     |
| 2. Shares for calculation of earnings (loss) per share<br>Basic and Diluted | 15,118             | 14,930  |
| 3. The adjusted results excluding employee<br>Stock Based Compensation:     |                    |         |
| Gross profit  | 3,158              | 1,815   |
| Operating expenses  | 2,545              | 4,311   |
| Profit (Loss)   | 710                | (2,328) |
| Earnings (Loss) per share   | 0.05               | (0.16)  |

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

|  | <u>As of December 31, 2003</u> | <u>As of December 31, 2002</u> |
|--|--------------------------------|--------------------------------|
| <b>CURRENT ASSETS</b>                    |                                |                                |
| Cash and cash equivalents                | 26,634                         | 36,964                         |
| Short-term interest-bearing deposits     | 711                            | 622                            |
| Held to maturity securities              | 4,296                          | 994                            |
| Trade accounts receivable                | 5,804                          | 2,902                          |
| Inventories                              | 4,152                          | 3,150                          |
| Other current assets                     | 1,244                          | 1,049                          |
|  | 42,841                         | 45,681                         |
| <b>LONG-TERM ASSETS</b>                  |                                |                                |
| Long-term interest-bearing bank deposits | 1,386                          | -                              |
| Other long term assets                   | 242                            | 88                             |
| Severance pay funds                      | 2,024                          | 1,701                          |
| Fixed assets, net                        | 1,425                          | 1,777                          |

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|   | As of December 31, 2003 | As of December 31, 2002 |
|---|-------------------------|-------------------------|
|   | 5,077                   | 3,566                   |
|   | 47,918                  | 49,247                  |
| <b>CURRENT LIABILITIES</b>                  |                         |                         |
| Trade accounts payable                      | 5,389                   | 3,340                   |
| Other current liabilities                   | 7,102                   | 7,616                   |
|   | 12,491                  | 10,956                  |
| <b>LONG-TERM LIABILITIES</b>                |                         |                         |
| Liability for employee termination benefits | 2,653                   | 2,162                   |
| Deffered Income                             | 263                     | 239                     |
| Other long-term liability                   | 175                     | 213                     |
|   | 3,091                   | 2,614                   |
| <b>SHAREHOLDERS' EQUITY</b>                 |                         |                         |
| Share capital                               | 46                      | 46                      |
| Additional paid- in capital                 | 72,785                  | 72,614                  |
| Deferred stock-based compensation           | (122)                   | (809)                   |
| Accumulated other comprehensive income      | 13                      | -                       |
| Accumulated deficit                         | (40,386)                | (36,174)                |
|   | 32,336                  | 35,677                  |
|   | 47,918                  | 49,247                  |