



INSTRUMENTS, INC.

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7 April 2009

To Our Shareholders and Friends of the Company:

We have just received from our independent auditors, Hutchinson and Bloodgood LLP, our Certified Financial Statements for the year ending 31 December 2008 and wish to convey some of the highlights to you in advance of the annual report.

Net sales achieved by your Company in 2008 were \$33,291,842 as compared to 2007 sales of \$34,201,540. Pre-tax income was \$3,396,342 in 2008 as compared to 2007 pre-tax income of \$3,794,659, and net income was \$2,156,166 or \$0.47 per share (basic) in 2008 as compared to a 2007 net income of \$2,416,542 or \$0.55 per share (basic).

Sales in 2008 declined 2.7% over the 2007 level; this was attributable to production capacity as opposed to available backlog. The return on sales was 6.5% in 2008, a decline in profitability from the 7.1% return on sales achieved in 2007. The reduction in profit was the result of one-time costs associated with the closing of the facility in Meriden, Connecticut, transition of manufacturing, as well as the margin mix of product shipped in 2008. Improved profitability is anticipated for 2009 as the Company continues to shift manufacturing to our facility in Nogales, Mexico.

Notice of the Annual Meeting of the Shareholders will be mailed under separate cover. The Annual Report for 2008 is currently in the printing preparation process and it will be mailed in May.

I am thankful for your continued interest and support.

Sincerely,

SEMCO INSTRUMENTS, INC.

Michael G. Moore
President