



**INSTRUMENTS, INC.**

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To Our Shareholders and Friends of the Company:

Sales in the first six months of operation in 2009 were \$18,673,256 as compared to \$16,032,864 for the same period in 2008. Earnings after a provision for income taxes for the first six months in 2009 were \$1,793,274 or \$0.39 per share as compared to \$973,653 or \$0.21 per share for the same period in 2008.

Revenue in the first six months of 2009 was strong and represented a 16% improvement over the same period in 2008. While the Company has experienced some softening of demand from the commercial markets, the overall demand for product has remained robust and this was reflected in the level of sales and the continued strength of the order backlog. While somewhat reduced in volume, newly designed hardware continues to be produced for qualification and delivery for commercial and military programs.

The level of profitability in the first six months of 2009 improved significantly as compared to the same period in 2008. This 84% increase in profitability in 2009 was largely due to the mix of products shipped, the absence of expenses associated with the Meriden, Connecticut facility, and the growing production performance of the facility in Nogales, Mexico. Approximately one-half of the Company's products are now produced in the Nogales facility and the volume will continue to grow. Overall, the Company continues to relentlessly pursue efficiency in all our business processes.

The Company remains vigilant to changes in the market during these challenging financial times and is postured to adapt as needed. Still, we remain confident in the performance capability of our employees and optimistic for the continued growth of the business.

Your continued interest and support are appreciated.

Michael G. Moore  
President