



INSTRUMENTS, INC.

25700 Rye Canyon Road, Valencia, California 91355

Telephone 661 257-2000

Facsimile 661 257-9368

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To Our Shareholders and Friends of the Company:

Sales in the first six months of operation in 2010 were \$19,094,184 as compared to \$18,673,256 for the same period in 2009. Earnings after a provision for income taxes for the first six months in 2010 were \$2,175,886 or \$0.45 per share as compared to \$1,793,274 or \$0.39 per share for the same period in 2009.

Revenue in the first six months of 2010 remained strong and represented a 2% improvement over the same period in 2009. 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 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 2010 continued to improve over the 84% improvement seen in the same period in 2009. This 21% increase in profitability in 2010 was largely due to the mix of products shipped and the growing production performance of the facility in Nogales, Mexico. Approximately 55% 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 adapting 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.

A handwritten signature in black ink, appearing to read "Michael G. Moore". The signature is fluid and cursive, with the first and last names being more prominent.

Michael G. Moore
President