



INSTRUMENTS, INC.

25700 Rye Canyon Road, Valencia, California 91355
Telephone 661 257-2000
Facsimile 661 295-0044

24 July 2008

To Our Shareholders and Friends of the Company:

Sales in the first six months of operation in 2008 were \$16,032,864 as compared to \$16,664,821 for the same period in 2007. Earnings after a provision for income taxes for the first six months in 2008 were \$973,653 or \$0.21 per share as compared to \$1,102,635 or \$0.25 per share for the same period in 2007.

Performance of the Company in the first six months of 2008 remained strong as it has been throughout 2007. Demand for product remained robust and this was reflected in the level of sales and the continued strength of the order backlog. Newly designed hardware for qualification continues to be produced and delivered for new commercial and military programs and the Company continues to have a significant level of additional new product development in process; these efforts will result in added production requirements in the near term.

The level of profitability in the first six months of 2008 was slightly dampened as compared to the same period in 2007. This small reduction in the level of profitability in 2008 was largely due to the one-time expenses associated with the closure of the Meriden, Connecticut facility; this closure was completed in June. Going forward we expect that these one-time expenses will be more than offset by cost savings in the balance of 2008 and future years.

The Company's production facility in Nogales, Mexico continues to grow in its contribution to the business performance and we will continue to direct effort toward further increases in capacity and level of shipments. We are confident that the investment of resources in the Nogales facility will provide a platform that continues to increase both our competitive position and profitability in this global market.

Your continued interest and support are appreciated.

Michael G. Moore
President