

Semco

INSTRUMENTS, INC.

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

6 February 2009

To Our Shareholders and Friends of the Company:

Unaudited figures for 2008 indicate sales of \$33,296,586 as compared to 2007 sales of \$34,201,540, unaudited pre-tax income of \$3,396,342 in 2008 as compared to 2007 pre-tax income of \$3,794,659, and an unaudited net income of \$2,105,342 or \$0.47 per share in 2008 as compared to a 2007 net income of \$2,416,542 or \$0.54 per share.

Fourth quarter performance of the Company was only slightly dampened from the strong pace throughout 2007 and the first three quarters of 2008. Demand for product remained robust in the military, industrial, and aftermarket segments of the market but indications of a softening in commercial market demand appeared late in the year. The Company's order backlog remains healthy and we continue to have several new products in the development process to support specific customer requirements.

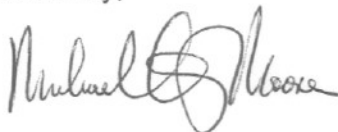
The Company achieved a 6.3% return on sales, a decline in profitability from the 7.1% return on sales achieved in 2007. The reduction in profit was the result of one-time costs associated with the closing of the facility in Meriden, Connecticut, transition of manufacturing, as well as the margin mix of product shipped in 2008. The continued shift of manufacturing to our facility in Nogales, Mexico, is anticipated to improve profitability in 2009 and beyond through further reductions in costs.

The certified audit of our 2008 financial statements will be performed by our independent auditors, Hutchinson & Bloodgood LLP, and has been scheduled to begin in mid-February and complete in March 2009. We anticipate the release of the audited 2008 figures in April. The 2008 Annual Report and the Notice of the Annual Meeting of the Shareholders should be mailed in May 2009.

With great sadness I advise all our shareholders and friends that M.S. Moore passed away on November 28, 2008. Sam Moore founded Semco Instruments in 1965, arranged for the Company to become public in 1972, and was instrumental in the diversification of the Company's product line and business growth. He was and will continue to be an inspiration to all who had the privilege of working with him.

I am thankful for your continued interest and support.

Sincerely,



Michael G. Moore
President