

Semco

INSTRUMENTS, INC.

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

13 April 2007

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 2006 and wish to convey some of the highlights to you in advance of the annual report.

Net sales achieved by your Company in 2006 were \$28,318,920 as compared to 2005 sales of \$24,448,701. Pre-tax income was \$2,707,650 in 2006 as compared to 2005 pre-tax income of \$788,466, and net income was \$1,690,950 or \$0.39 per share in 2006 as compared to a 2005 net income of \$489,466 or \$0.11 per share.

Sales increased 15.8% in 2006 reflecting a continued strong demand for our products. Solid growth was experienced from our OEM customers while in the same period we had modest growth in our sales to the U.S. Government. The level of profitability in 2006 was greatly improved over 2005 levels and the Company remains focused on continued improvement.

Notice of the Annual Meeting of the Shareholders has been mailed; the meeting is scheduled for 24 May 2007. The Annual Report for 2006 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