



INSTRUMENTS, INC.

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5 February 2008

To Our Shareholders and Friends of the Company:

Unaudited figures for 2007 indicate sales of \$34,201,269 as compared to 2006 sales of \$28,318,920, unaudited pre-tax income of \$3,790,548 in 2007 as compared to 2006 pre-tax income of \$2,707,650, and an unaudited net income of \$2,349,548 or \$0.53 per share in 2007 as compared to a 2006 net income of \$1,690,950 or \$0.39 per share.

Fourth quarter performance of the Company remained strong as it has been throughout 2007. Demand for product remained robust in the commercial, military, and industrial segments of the market and this was reflected in the level of sales and the continued strength of the order backlog. The Company continues to have a significant level of additional new product development in process and these efforts will result in added production requirements in the near term and further strengthen our niche position.

The profitability of the Company grew 40% in 2007 as compared to 2006. Profit growth is reflective of the efficiencies of increased volume, a focus on products and markets with the greatest margin contribution, an increase utilization of our manufacturing facility in Nogales, Mexico, and an organizational culture and structure that is lean and focused on improvement.

The certified audit of our 2007 financial statements will be performed by our independent auditors, Hutchinson and Bloodgood LLP, and has been scheduled to begin in mid-February and complete in March 2008. We anticipate the release of the audited 2007 figures in April. The 2007 Annual Report and the Notice of the Annual Meeting of the Shareholders should be mailed in May 2008.

I am thankful for your continued interest and support.

Sincerely,

Michael G. Moore
President