



**INSTRUMENTS, INC.**

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

17 April 2008

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 2007 and wish to convey some of the highlights to you in advance of the annual report.

Net sales achieved by your Company in 2007 were \$34,201,540 as compared to 2006 sales of \$28,318,920. Pre-tax income was \$3,794,659 in 2007 as compared to 2006 pre-tax income of \$2,707,650, and net income was \$2,416,542 or \$0.55 per share (basic) in 2007 as compared to a 2006 net income of \$1,690,950 or \$0.39 per share (basic).

Sales increased 20.8% in 2007 reflecting a continued strong demand for our products. Solid growth was experienced from our OEM customers as well as from our sales to the U.S. Government. The level of profitability in 2007 continued its improvement over the levels of all previous years and the Company remains focused on continued improvement.

Notice of the Annual Meeting of the Shareholders will be mailed under separate cover. The Annual Report for 2007 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