



INSTRUMENTS, INC.

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5 April 2010

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 2009 and wish to convey some of the highlights to you in advance of the 2009 Annual Report.

Net sales achieved by your Company in 2009 were \$38,536,930 as compared to 2008 sales of \$33,291,842. Pre-tax income was \$6,049,262 in 2009 as compared to 2008 pre-tax income of \$3,396,342, and net income was \$3,772,246 or \$0.81 per share (basic) in 2009 as compared to a 2008 net income of \$2,156,166 or \$0.47 per share (basic).

Overall sales growth in 2009 was 15.8% over 2008 levels and was supported by strong military customer demand, off-setting a decline in demand from commercial customers. The Company began deliveries against the 5 year requirements contract received in September 2009 from the Defense Logistics Agency and the Company's order backlog remains healthy. In 2009 the Company achieved a 9.8% return on sales, an increase in profitability over the 6.5% return on sales achieved in 2008. The 75% increase in the level of profitability was reflective of increased sales, the efficiencies of volume, shipped product mix as well as an organizational culture and structure that is lean and focused on improvement. It is also reflective of the efficiencies achieved through increased utilization of our Nogales, Mexico manufacturing facility.

Notice of the Annual Meeting of the Shareholders will be mailed under separate cover. The 2009 Annual Report 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