
Transcat, Inc. 35 Vantage Point Drive • Rochester • NY • 14624 • Phone: (585) 352-7777

Transcat Reports Second Quarter Fiscal 2010 Financial Results

- **Service segment revenue grows 15.5%; offsets 7.6% decline in product segment sales**
- **Total net revenue of \$18.5 million; relatively flat with prior fiscal year second quarter**
- **Diluted earnings per share of \$0.02 compared with \$0.06 in prior year second quarter**
- **Significant liquidity: Generated \$3.5 million in cash from operations in first six months of fiscal 2010**

ROCHESTER, NY, October 26, 2009 – Transcat, Inc. (Nasdaq: TRNS), a leading global distributor of professional grade handheld test and measurement instruments and accredited provider of calibration, repair services, parts inspection and production model engineering, today reported financial results for its second quarter of fiscal 2010 which ended September 26, 2009.

Net revenue in the second quarter of fiscal 2010 was \$18.5 million, relatively flat when compared with net revenue of \$18.6 million in the second quarter of fiscal 2009. Second quarter fiscal 2009 results included six weeks of Westcon, Inc. operations, which the Company acquired on August 14, 2008.

Net income was \$0.2 million, or \$0.02 per diluted share, in the second quarter of fiscal 2010, down from net income of \$0.4 million, or \$0.06 per diluted share for the same period of the prior fiscal year. Net income was negatively impacted by lower operating income from the Company's product segment.

Charles P. Hadeed, President, CEO and COO of Transcat, commented, "As the severe decline in the economy stabilized during the quarter, our performance also improved. Service segment revenue grew 15.5%, which reflects our sales and marketing investments in our targeted markets and the quality of services we provide, all of which we believe leads to high revenue retention. This growth was leveraged into expanding that segment's gross profit margin by 180 basis points and achieving near breakeven segment operating profit. Although product segment results remained soft, sustained growth within our wind energy customer base, which accounted for 13.1% of product segment sales, somewhat mitigated external economic factors."

Service segment revenue, which represented 35.3% of total net revenue, was up \$0.9 million, or 15.5%, to \$6.5 million in the second quarter of fiscal 2010, when compared with revenue of \$5.7 million in the prior year second quarter. Product segment sales, representing the Company's distribution business, for the second quarter of fiscal 2010 were \$12.0 million, down \$1.0 million, or 7.6%, when compared with the same period of the prior fiscal year.

Second Quarter Fiscal 2010 Review

Gross profit was \$4.1 million, or 22.3% of net revenue, in the second quarter of fiscal 2010 compared with \$4.5 million, or 24.4% of net revenue, in the same period of the prior fiscal year. The lower gross profit and margin was primarily due to reduced product segment sales volume, lower manufacturer volume-based rebate income, and additional product pricing pressures, offset partially by improved leverage in the service segment.

Selling, marketing and warehouse expenses increased to \$2.4 million in the second quarter of fiscal 2010 compared with \$2.1 million in the same period the prior fiscal year. Investment in the wind energy

market and additional sales personnel led to the \$0.3 million increase. Offsetting this increase was a \$0.3 million, or 18.4%, reduction in administrative expenses from cost control measures. As a result, operating expenses in the quarter were flat when compared with the prior fiscal year period.

Operating income for the second quarter of fiscal 2010 was \$0.3 million, or 1.8% of net revenue, compared with \$0.7 million, or 4.0% of net revenue, in the second quarter of fiscal 2009. The decline was the result of lower product segment gross profit.

The effective tax rate in the second quarter of fiscal 2010 was 39.0%. For the fiscal year, the effective tax rate is expected to be in the 38% to 40% range.

Product and Service Segment Review

Transcat is uniquely positioned to serve the pharmaceutical and FDA-regulated, energy and chemical process industries as well as utilities, industrial manufacturing and other industries through its ability to bundle a broad variety of premium test and measurement instruments with quality calibration services, repair capabilities, parts inspection and production model engineering for its customers through its distribution operations in New York and Oregon and its 12 Calibration Centers of Excellence in the United States, Canada and Puerto Rico. Its automated calibration tracking and management systems, breadth of calibration disciplines and product lines, and its refined product delivery systems enable it to rapidly respond to its customers' requirements for quick turn-around times, which it believes provides a competitive advantage.

Product Segment

Through its product segment, Transcat markets and distributes national and proprietary brand instruments to over 13,000 global customers. The Company offers access to more than 25,000 test and measurement instruments. The product segment primarily uses direct marketing and the Company's website to market to end-users as well as to resellers.

Product segment net sales decreased \$1.0 million, or 7.6%, to \$12.0 million in the second quarter of fiscal 2010 compared with \$13.0 million in the same period of the prior fiscal year. The decline in product segment sales reflected the impact of the weak economy and aggressive pricing measures partially offset by increased sales to wind energy customers.

Average product segment sales per day were \$190 thousand in the second quarter of fiscal 2010 compared with \$206 thousand in the same period of the prior fiscal year. Sales of the Company's products over its website increased 34.3% to \$1.0 million in the second quarter of fiscal 2010 compared with \$0.7 million in the same period the prior fiscal year.

Product segment gross profit in the second quarter of fiscal 2010 was \$2.7 million, or 22.2% of net product sales, compared with \$3.4 million, or 26.0% of net product sales, in the second quarter of fiscal 2009. Gross margin for the product segment is a function of a number of factors including volume, market channel mix, manufacturers' rebates, product mix and discounts to customers. The reduction in gross profit and gross margin in the second quarter of fiscal 2010 was due to reduced volume from the recessionary economy, increased price discounting for market share retention and lower vendor point-of-sale rebates. Vendor point-of-sale rebates are based on year-over-year growth in product segment sales. The Company did not qualify for this type of rebate in the second quarter of fiscal 2010. In the second quarter of fiscal 2009, point-of-sale rebates were \$0.1 million.

Product segment operating income was \$0.4 million, or 3.0% of net product sales, in the second quarter of fiscal 2010 compared with \$1.1 million, or 8.3% of net product sales, in the same period of the prior fiscal year.

Service Segment

Transcat's customers purchase calibration services for the purpose of measurably reducing their risk of product or process failures that can be caused by inaccurate measurements. Transcat annually performs more than 140,000 calibrations at its 12 Calibration Centers of Excellence or at its customers' locations.

Service segment revenue was \$6.5 million in the second quarter of fiscal 2010, a \$0.9 million or 15.5% increase, compared with \$5.7 million in the same period of the prior fiscal year. The timing of calibration orders and segment expenses can vary on a quarter-to-quarter basis based on the nature of a customers' business and calibration requirements. In general, a trailing twelve-month trend provides a better indication of the progress of this segment. Service segment revenue for the trailing twelve months that ended September 26, 2009 were \$25.2 million, up 7.6%, when compared with \$23.4 million for the trailing twelve-month period that ended September 27, 2008. Transcat's goal is to grow this business in the low double digit range over the long term.

The Company's strategy has been to focus its capital and marketing investments in the electrical, temperature, pressure and dimensional disciplines. Historically, 15% to 20% of service segment revenue is generated from outsourcing customer equipment to third-party vendors for calibration beyond Transcat's chosen scope of capabilities. In the second quarter of fiscal 2010, 77.3% of service segment revenue was generated by the Company's staff of technicians while 20.2% was subcontracted to third-party vendors.

Service segment gross profit in the second quarter of fiscal 2010 was \$1.5 million, or 22.5% of service segment net revenue, up from \$1.2 million, or 20.7% of service segment net revenue, in the same period of the prior fiscal year. Driving this increase is the operational leverage built into the service segment, where the Company is able to spread the fixed costs of its laboratory operations over higher volume. Organic revenue expansion provides for full leverage potential whereas acquired revenue comes with associated cost structure and therefore does not contribute to expanding margins.

The service segment operating loss was virtually breakeven for the second quarter of fiscal 2010, an improvement of \$0.3 million over last year's second quarter operating loss.

Six-Month Review

Net revenue for the first six months of fiscal 2010 was \$35.7 million, down 2.1% when compared with net revenue of \$36.5 million in the first six months of fiscal 2009. Fiscal 2009 results included six weeks of operations of Westcon as previously noted.

Product segment net sales were \$23.2 million in the first half of fiscal 2010, down 8.0%, compared with \$25.3 million in the same period of the prior fiscal year. Sales to wind energy customers in the first half of fiscal 2010 accounted for 11.9%, or \$2.8 million, of net product sales. Product sales generated over the Company's website were \$1.9 million in the first six months of fiscal 2010, up 17.5%, when compared with \$1.6 million in the first half of fiscal 2009.

Service segment net revenue was \$12.5 million in the first six months of fiscal 2010, up 11.4%, compared with net revenue of \$11.2 million in the first six months of fiscal 2009.

Gross margin was 22.3% for the first six months of fiscal 2010 compared with 24.8% in the same period of the prior fiscal year. Product segment gross margin was 22.8% and 26.6% for the first six months of fiscal 2010 and 2009, respectively. The year-over-year decrease was a result of aggressive pricing and reduced vendor volume-based rebate income. Service segment gross margin was 21.4% in the first half of fiscal 2010 compared with 20.8% in the same period of the prior fiscal year. As previously noted, higher organic service segment revenue drove the margin expansion.

Operating expenses were \$7.8 million in the first six months of fiscal 2010, slightly lower than the \$7.9 million reported in the same period of the prior fiscal year. Year-over-year strategic investments in

sales and marketing for the service segment and wind energy industry were more than offset by cost control measures and reductions in performance-based management compensation. Operating income in the first six months of fiscal 2010 was \$0.2 million, or 0.6% of net revenue, compared with \$1.1 million, or 3.1% of net revenue, in the first six months of fiscal 2009.

Net income was \$0.1 million, or \$0.01 per diluted share, for the first six months of fiscal 2010 compared with \$0.7 million, or \$0.09 per diluted share, for the same period of the prior fiscal year.

Balance Sheet and Cash Management

Net cash generated from operations was \$3.5 million in the first six months of fiscal 2010 compared with \$1.0 million in the same period of the prior fiscal year. The incremental cash was used to repay long-term debt which decreased to \$1.6 million at September 26, 2009, compared with \$2.2 million at June 27, 2009 and \$3.6 million at March 28, 2009.

At September 26, 2009, accounts payable were \$7.0 million compared with \$4.7 million at March 28, 2009. The increase was due to inventory purchases in September in anticipation of increased demand in the second half of fiscal 2010.

Capital expenditures were \$0.6 million in the first six months of fiscal 2010 and were primarily used for additional laboratory capabilities. This is relatively flat when compared with the same period of the prior fiscal year. Transcat expects capital spending for fiscal 2010 to be approximately \$1.0 million. During the second quarter of fiscal 2010, Transcat made additional payments to the former owner of Westcon totaling \$1.1 million based on the terms of the acquisition agreement.

Expectations for Stronger Second Half Weighted in the Fourth Quarter of Fiscal 2010

Mr. Hadeed concluded, "We feel that the economic environment is beginning to stabilize as we head into the second half of our fiscal year. We are cautiously optimistic that things will continue to improve, which should result in our second half being stronger than the first. It is still too early for us to define how wind energy sales will affect our overall business, though we feel product sales to wind energy customers should continue to be strong. Our solid cash flow generation and balance sheet will allow us to continue to make prudent and strategic investments in our infrastructure and people, so that we can maintain our focus on the execution of our long-term strategy."

ABOUT TRANSCAT

Transcat, Inc. is a leading global distributor of professional grade handheld test and measurement instruments and accredited provider of calibration, parts inspection, production model engineering and repair services primarily for the pharmaceutical and FDA-regulated, industrial manufacturing, energy and utilities, chemical process, and other industries. Through its distribution products segment, Transcat markets and distributes national and proprietary brand instruments to over 13,000 global customers. The Company offers access to more than 25,000 test and measurement instruments. Transcat delivers precise, reliable, fast calibration, parts inspection, production model engineering and repair services across the United States, Canada and Puerto Rico through its 12 strategically located Calibration Centers of Excellence. Transcat's calibration laboratories are ISO-9001:2000 registered and the scope of accreditation to ISO/IEC 17025 is believed to be one of the broadest in the industry.

Transcat's growth strategy is to expand both its distribution products and calibration services in markets that value product breadth and availability and rely on accredited calibration services to maintain the integrity of their processes.

More information about Transcat can be found on its website at: www.transcat.com

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words. All statements addressing operating performance, events, or developments that Transcat, Inc. expects or anticipates will occur in the future, including but not limited

to statements relating to anticipated revenue, profit margins, sales operations, its strategy to build its sales representative channel, customer preferences and changes in market conditions in the industries in which Transcat operates are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Transcat's Annual and Quarterly Reports filed with the Securities and Exchange Commission, including under the heading entitled "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of the Company's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on the Company's forward-looking statements. Except as required by law, the Company disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this press release.

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FINANCIAL TABLES FOLLOW.

Transcat, Inc.
Consolidated Statements of Operations
(Amounts in thousands, except per share data)

| | (Unaudited) | | (Unaudited) | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Second Quarter Ended | | Six Months Ended | |
| | September 26, 2009 | September 27, 2008 | September 26, 2009 | September 27, 2008 |
| Product Sales | \$ 11,970 | \$ 12,959 | \$ 23,238 | \$ 25,270 |
| Service Revenue | 6,525 | 5,651 | 12,465 | 11,193 |
| Net Revenue | <u>18,495</u> | <u>18,610</u> | <u>35,703</u> | <u>36,463</u> |
| Cost of Products Sold | 9,308 | 9,594 | 17,930 | 18,543 |
| Cost of Services Sold | 5,057 | 4,481 | 9,800 | 8,860 |
| Total Cost of Products and Services Sold | <u>14,365</u> | <u>14,075</u> | <u>27,730</u> | <u>27,403</u> |
| Gross Profit | <u>4,130</u> | <u>4,535</u> | <u>7,973</u> | <u>9,060</u> |
| Selling, Marketing and Warehouse Expenses | 2,449 | 2,148 | 5,008 | 4,743 |
| Administrative Expenses | 1,345 | 1,648 | 2,745 | 3,190 |
| Total Operating Expenses | <u>3,794</u> | <u>3,796</u> | <u>7,753</u> | <u>7,933</u> |
| Operating Income | <u>336</u> | <u>739</u> | <u>220</u> | <u>1,127</u> |
| Interest Expense | 11 | 28 | 25 | 27 |
| Other Expense, net | 17 | 4 | 32 | 12 |
| Total Other Expense | <u>28</u> | <u>32</u> | <u>57</u> | <u>39</u> |
| Income Before Income Taxes | 308 | 707 | 163 | 1,088 |
| Provision for Income Taxes | <u>120</u> | <u>277</u> | <u>64</u> | <u>430</u> |
| Net Income | <u>\$ 188</u> | <u>\$ 430</u> | <u>\$ 99</u> | <u>\$ 658</u> |
| Basic Earnings Per Share | \$ 0.03 | \$ 0.06 | \$ 0.01 | \$ 0.09 |
| Average Shares Outstanding | 7,402 | 7,282 | 7,396 | 7,239 |
| Diluted Earnings Per Share | \$ 0.02 | \$ 0.06 | \$ 0.01 | \$ 0.09 |
| Average Shares Outstanding | 7,611 | 7,511 | 7,609 | 7,453 |

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Transcat, Inc.
Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)

| | (Unaudited) September 26, 2009 | March 28, 2009 |
|---|--|---------------------------|
| | <u>2009</u> | <u>2009</u> |
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 36 | \$ 59 |
| Accounts Receivable, less allowance for doubtful accounts of \$100 and \$75 as of September 26, 2009 and March 28, 2009, respectively | 8,279 | 8,981 |
| Other Receivables | 510 | 119 |
| Inventory, net | 4,865 | 4,887 |
| Prepaid Expenses and Other Current Assets | 1,024 | 774 |
| Deferred Tax Asset | 482 | 380 |
| Total Current Assets | <u>15,196</u> | <u>15,200</u> |
| Property and Equipment, net | 4,157 | 4,174 |
| Goodwill | 9,016 | 7,923 |
| Intangible Asset, net | 996 | 1,091 |
| Deferred Tax Asset | 608 | 635 |
| Other Assets | 385 | 368 |
| Total Assets | <u>\$ 30,358</u> | <u>\$ 29,391</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 7,038 | \$ 4,748 |
| Accrued Compensation and Other Liabilities | 1,787 | 1,757 |
| Income Taxes Payable | 94 | 215 |
| Total Current Liabilities | <u>8,919</u> | <u>6,720</u> |
| Long-Term Debt | 1,592 | 3,559 |
| Other Liabilities | 568 | 493 |
| Total Liabilities | <u>11,079</u> | <u>10,772</u> |
| Shareholders' Equity: | | |
| Common Stock, par value \$0.50 per share, 30,000,000 shares authorized; 7,682,617 and 7,656,358 shares issued as of September 26, 2009 and March 28, 2009, respectively; 7,406,835 and 7,380,576 shares outstanding as of September 26, 2009 and March 28, 2009, respectively | 3,841 | 3,828 |
| Capital in Excess of Par Value | 9,082 | 8,606 |
| Accumulated Other Comprehensive Income | 392 | 320 |
| Retained Earnings | 6,952 | 6,853 |
| Less: Treasury Stock, at cost, 275,782 shares as of September 26, 2009 and March 28, 2009 | <u>(988)</u> | <u>(988)</u> |
| Total Shareholders' Equity | <u>19,279</u> | <u>18,619</u> |
| Total Liabilities and Shareholders' Equity | <u>\$ 30,358</u> | <u>\$ 29,391</u> |

Transcat, Inc.
Consolidated Statements of Cash Flows
(Amounts in thousands)

| | (Unaudited) Second Quarter Ended | |
|--|-------------------------------------|-----------------------|
| | September 26, 2009 | September 27, 2008 |
| Cash Flows from Operating Activities: | | |
| Net Income | \$ 99 | \$ 658 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Deferred Income Taxes | (68) | 55 |
| Depreciation and Amortization | 959 | 772 |
| Provision for Accounts Receivable and Inventory Reserves | 25 | 84 |
| Stock-Based Compensation Expense | 370 | 355 |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable and Other Receivables | 333 | 654 |
| Inventory | 27 | (40) |
| Prepaid Expenses and Other Assets | (511) | (710) |
| Accounts Payable | 2,290 | (269) |
| Accrued Compensation and Other Liabilities | 114 | (601) |
| Income Taxes Payable | (131) | 45 |
| Net Cash Provided by Operating Activities | 3,507 | 1,003 |
| Cash Flows from Investing Activities: | | |
| Purchase of Property and Equipment | (603) | (587) |
| Payments of Contingent Consideration | (1,093) | - |
| Purchase of Westcon, Inc., net of cash acquired | - | (4,625) |
| Net Cash Used in Investing Activities | (1,696) | (5,212) |
| Cash Flows from Financing Activities: | | |
| Revolving Line of Credit, net | (1,955) | 4,026 |
| Payments on Other Debt Obligations | (12) | - |
| Issuance of Common Stock | 109 | 119 |
| Excess Tax Benefits Related to Stock-Based Compensation | 10 | 41 |
| Net Cash (Used in) Provided by Financing Activities | (1,848) | 4,186 |
| Effect of Exchange Rate Changes on Cash | 14 | (1) |
| Net Decrease in Cash | (23) | (24) |
| Cash at Beginning of Period | 59 | 208 |
| Cash at End of Period | \$ 36 | \$ 184 |

Transcat Inc.
Fiscal 2010 Second Quarter
Additional Information

Business Segment Data
(Dollars in thousands)

| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | | |
|----------------------------|---------------------------|---------------------------|------------------|-----------------|
| | <u>Quarter ended</u> | <u>Quarter ended</u> | <u>\$ Change</u> | <u>% Change</u> |
| | <u>September 26, 2009</u> | <u>September 27, 2008</u> | | |
| <u>Products</u> | | | | |
| Net sales | \$ 11,970 | \$ 12,959 | \$ (989) | (7.6%) |
| Gross profit | 2,662 | 3,365 | (703) | (20.9%) |
| <i>Margin</i> | 22.2% | 26.0% | | |
| Operating income | 364 | 1,071 | (707) | (66.0%) |
| <i>Margin</i> | 3.0% | 8.3% | | |
| <u>Services</u> | | | | |
| Net revenue | \$ 6,525 | \$ 5,651 | \$ 874 | 15.5% |
| Gross profit | 1,468 | 1,170 | 298 | 25.5% |
| <i>Margin</i> | 22.5% | 20.7% | | |
| Operating loss | (28) | (332) | 304 | 91.6% |
| <i>Margin</i> | (0.4%) | (5.9%) | | |
| <u>Consolidated</u> | | | | |
| Net revenue | \$ 18,495 | \$ 18,610 | \$ (115) | (0.6%) |
| Gross profit | 4,130 | 4,535 | (405) | (8.9%) |
| <i>Margin</i> | 22.3% | 24.4% | | |
| Operating income | 336 | 739 | (403) | (54.5%) |
| <i>Margin</i> | 1.8% | 4.0% | | |

Transcat Inc.
Fiscal 2010 Six Months
Additional Information

Business Segment Data
(Dollars in thousands)

| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | | |
|----------------------------|---------------------------|---------------------------|------------------|-----------------|
| | Six months ended | Six months ended | \$ Change | % Change |
| | September 26, 2009 | September 27, 2008 | | |
| <u>Products</u> | | | | |
| Net sales | \$ 23,238 | \$ 25,270 | \$ (2,032) | (8.0%) |
| Gross profit | 5,308 | 6,727 | (1,419) | (21.1%) |
| <i>Margin</i> | 22.8% | 26.6% | | |
| Operating income | 660 | 2,019 | (1,359) | (67.3%) |
| <i>Margin</i> | 2.8% | 8.0% | | |
| <u>Services</u> | | | | |
| Net revenue | \$ 12,465 | \$ 11,193 | \$ 1,272 | 11.4% |
| Gross profit | 2,665 | 2,333 | 332 | 14.2% |
| <i>Margin</i> | 21.4% | 20.8% | | |
| Operating loss | (440) | (892) | 452 | 50.7% |
| <i>Margin</i> | (3.5%) | (8.0%) | | |
| <u>Consolidated</u> | | | | |
| Net revenue | \$ 35,703 | \$ 36,463 | \$ (760) | (2.1%) |
| Gross profit | 7,973 | 9,060 | (1,087) | (12.0%) |
| <i>Margin</i> | 22.3% | 24.8% | | |
| Operating income | 220 | 1,127 | (907) | (80.5%) |
| <i>Margin</i> | 0.6% | 3.1% | | |

Transcat Inc.
Additional Information

PRODUCT SEGMENT SALES BY MARKET CHANNEL

(Amounts in thousands)

(Unaudited)

| | FY 2010 | | | | | |
|------------------------------------|----------|----------|--|--|----------------------|---------------|
| | Q1 | Q2 | | | FY 2010 YTD Total | % of Total |
| Direct | \$ 9,069 | \$10,079 | | | \$ 19,148 | 82.4% |
| Reseller | 2,028 | 1,724 | | | 3,752 | 16.1% |
| Freight Billed to Customers | 171 | 167 | | | 338 | 1.5% |
| Total Product Sales | \$11,268 | \$11,970 | | | \$ 23,238 | |

| | FY 2009 | | | | | |
|------------------------------------|----------|----------|----------|-----------|------------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | FY 2009 Total | % of Total |
| Direct | \$10,074 | \$10,051 | \$11,147 | \$ 10,140 | \$ 41,412 | 80.4% |
| Reseller | 2,039 | 2,699 | 2,675 | 1,906 | 9,319 | 18.1% |
| Freight Billed to Customers | 198 | 209 | 173 | 169 | 749 | 1.5% |
| Total Product Sales | \$12,311 | \$12,959 | \$13,995 | \$ 12,215 | \$ 51,480 | |

PRODUCT SEGMENT SALES PER BUSINESS DAY

(Dollars in thousands)

(Unaudited)

| | FY 2010 | | | | |
|--------------------------------|----------|----------|--|--|----------------------|
| | Q1 | Q2 | | | FY 2010 YTD Total |
| Number of business days | 64 | 63 | | | 127 |
| Total product sales | \$11,268 | \$11,970 | | | \$ 23,238 |
| Sales per day | \$ 176 | \$ 190 | | | \$ 183 |

| | FY 2009 | | | | |
|--------------------------------|----------|----------|----------|-----------|------------------|
| | Q1 | Q2 | Q3 | Q4 | FY 2009 Total |
| Number of business days | 64 | 63 | 62 | 64 | 253 |
| Total product sales | \$12,311 | \$12,959 | \$13,995 | \$ 12,215 | \$ 51,480 |
| Sales per day | \$ 192 | \$ 206 | \$ 226 | \$ 191 | \$ 203 |

PRODUCT SEGMENT SALES BY REGION

(Amounts in thousands)

(Unaudited)

| | FY 2010 | | | | FY 2010 YTD Total | % of Total |
|-----------------------------|-----------------|-----------------|--|--|----------------------|---------------|
| | Q1 | Q2 | | | | |
| United States | \$ 9,349 | \$ 9,713 | | | \$ 19,062 | 82.0% |
| Canada | 637 | 773 | | | 1,410 | 6.1% |
| Other International | 1,111 | 1,317 | | | 2,428 | 10.4% |
| Freight Billed to Customers | 171 | 167 | | | 338 | 1.5% |
| Total | \$11,268 | \$11,970 | | | \$ 23,238 | |

| | FY 2009 | | | | FY 2009 Total | % of Total |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|------------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | | |
| United States | \$ 9,484 | \$10,066 | \$11,540 | \$ 9,853 | \$ 40,943 | 79.5% |
| Canada | 784 | 999 | 866 | 797 | 3,446 | 6.7% |
| Other International | 1,845 | 1,685 | 1,416 | 1,396 | 6,342 | 12.3% |
| Freight Billed to Customers | 198 | 209 | 173 | 169 | 749 | 1.5% |
| Total | \$12,311 | \$12,959 | \$13,995 | \$12,215 | \$ 51,480 | |

SERVICE SEGMENT REVENUE BY TYPE

(Amounts in thousands)

(Unaudited)

| | FY 2010 | | | | FY 2010 YTD Total | % of Total |
|------------------------------|-----------------|-----------------|--|--|----------------------|---------------|
| | Q1 | Q2 | | | | |
| Depot/On-site | \$ 4,710 | \$ 5,045 | | | \$ 9,755 | 78.3% |
| Outsourced | 1,079 | 1,319 | | | 2,398 | 19.2% |
| Freight Billed to Customers | 151 | 161 | | | 312 | 2.5% |
| Total Service Revenue | \$ 5,940 | \$ 6,525 | | | \$ 12,465 | |

| | FY 2009 | | | | FY 2009 Total | % of Total |
|------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | | |
| Depot/On-site | \$ 4,478 | \$ 4,441 | \$ 4,705 | \$ 5,482 | \$ 19,106 | 79.8% |
| Outsourced | 911 | 1,065 | 1,093 | 1,064 | 4,133 | 17.3% |
| Freight Billed to Customers | 153 | 145 | 199 | 203 | 700 | 2.9% |
| Total Service Revenue | \$ 5,542 | \$ 5,651 | \$ 5,997 | \$ 6,749 | \$ 23,939 | |

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