

To our shareholders

I am pleased to report that fiscal year 2011 was a successful year for Bolt. Our sales increased 23% to \$38,858,000 compared to \$31,485,000 last fiscal year and our net income increased 12% to \$5,527,000 (\$0.65 per share) compared to \$4,954,000 (\$0.58 per share) last fiscal year. At June 30, 2011, our working capital was \$48,829,000, including cash and cash equivalents of \$31,683,000 and we continue to be debt free.

Highlights of our 2011 fiscal year included our acquisition of SeaBotix Inc. as of January 1, 2011. This acquisition is consistent with our strategic objective to add to our growth through appropriate acquisitions. SeaBotix, based in San Diego, California, develops and markets underwater remotely operated robotic vehicles used to perform underwater tasks at various underwater depths. Their major customer groups include the defense industry, federal, state and local governmental units, fire and rescue organizations and educational institutions. We acquired SeaBotix because we believe that its products offer excellent quality and usefulness to customers, including potential opportunities for use in the oil and gas industry.

The operating results of SeaBotix for the period of January 1, 2011 through June 30, 2011 are included in our fiscal year 2011 financial statements. SeaBotix had sales of \$2,575,000 and a net loss of \$462,000 for this six month period. These results were disappointing, but we believe reflect the negative impact of budgetary constraints experienced by many of its major customer groups. SeaBotix expended considerable effort and costs in the development of new products over the past several years, which we anticipate should have a positive impact on its future results.

We also continued our research and development efforts in fiscal year 2011 and we are in the final test stage of a new digital air gun control system. This system has been designed to reduce complexity, increase reliability and accommodate the demands of the latest air gun array design and monitoring. We anticipate the initial sales of this system should occur in fiscal year 2012.

At the 2011 Annual Meeting of the Society of Exploration Geophysicists (SEG) in September, we announced a joint effort between Bolt and WesternGeco, a group of Schlumberger Ltd., to develop a new environmentally friendly seismic energy source (air gun). The new air gun will be designed to reduce the potential impact of seismic signals on marine life. This is a multi-phase development project, but we believe that this product, if fully developed and commercialized, will be a successful new product for our Company.

Going forward into fiscal year 2012, we are hopeful that the successes of fiscal year 2011 will continue. We believe we are well positioned to participate in the ongoing need for world-wide hydrocarbon exploration and we are hopeful that our product development efforts and the SeaBotix acquisition will provide positive contributions to our financial results. We remain committed to exploring suitable acquisition opportunities as they arise.

In closing, I am grateful to our employees who have worked closely with our customers to better serve their needs in product development, manufacturing and customer sales and support. I also wish to welcome our SeaBotix employees and thank them for their hard work to integrate SeaBotix into our Company.

Raymond M. Soto
Chairman, President and Chief Executive Officer



Raymond M. Soto
*Chairman, President and
Chief Executive Officer*