

News Release



FOR IMMEDIATE RELEASE
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MOCON Announces Record Fourth Quarter and Annual Sales

MINNEAPOLIS, MN, March 5, 2008 – MOCON, Inc. (NasdaqGM:MOCO) today reported its operating results for the fourth quarter and year ended December 31, 2007.

Net sales for the fourth quarter 2007 were \$7,042,000, a new quarterly record for the company, and an increase of 4 percent compared to \$6,784,000 for the fourth quarter 2006. Net income was \$1,084,000 for the fourth quarter 2007, a 15 percent increase compared to \$944,000 for the fourth quarter 2006. Diluted net income per share was \$0.19 and \$0.17 in the fourth quarters of 2007 and 2006, respectively. Net sales for the year 2007 were \$27,396,000, also a new record, and an increase of 4 percent compared to \$26,290,000 for the year 2006. Net income was \$3,805,000 and \$3,911,000 for the years ended December 31, 2007 and 2006, respectively, and diluted net income per share was \$0.67 and \$0.71 for the same periods.

The increase in revenues for the fourth quarter 2007 compared to the fourth quarter 2006 was primarily the result of increased sales of our packaging and weighing and pharmaceutical products, partially offset by a decrease in sales of our gas analyzer products. The increase in sales of packaging products was due to growing customer acceptance of new products as well as increased marketing emphasis and product development in this area. The increase in sales of weighing and pharmaceutical products was a result of cyclical buying trends. Total international sales for the fourth quarter 2007 increased 13% over the fourth quarter 2006 and accounted for 54% of total consolidated sales.

The increase in net income for the fourth quarter 2007 compared to the fourth quarter 2006 was primarily the result of improved gross profit margins and increased sales. The improvement in gross profit margins was due to increased sales of new products which generally carry higher margins as well as a favorable sales mix. Selling, general and administrative expenses increased in the current quarter, as compared to the prior year, due to higher headcount and related hiring expenses, increased stock option expense, increased SOX 404 compliance costs and ongoing expenses related to the new China sales and technical support office which opened in the first quarter 2007. The year over year increase in selling, general and administrative expenses also contributed significantly to the decrease in net income for the year 2007 as compared to 2006.

"We are pleased to report record sales for the fourth quarter 2007 as well as for the year 2007. We are realizing the benefits of our commitment to new product development and will continue to strive to develop products to meet our customers' needs as well as grow the Company's revenues. We are very encouraged by the 20 percent increase in sales of our gas analyzer products for the year which are used in oil and gas exploration and toxic gas monitoring applications. We are also excited by the 21 percent increase in sales of our packaging products for the year, which was evident in both our domestic and foreign markets. Our permeation business still remains a stable contributor to sales and accounted for 53 percent of total sales for 2007," commented Robert L. Demorest, MOCON President and CEO.

MOCON is a leading provider of detectors, instruments, systems and consulting services to research laboratories, production facilities, and quality control and safety departments in the medical, pharmaceutical, food and beverage, packaging, environmental, oil and gas and other industries worldwide. See www.mocon.com for more information.

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements that can be identified by words such as "will," "may," "expect," "believe," "anticipate," "estimate," "continue," or other similar expressions. All forward-looking statements speak only as of the date of this press release. MOCON undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. In addition to the risks and uncertainties of ordinary business operations and conditions in the general economy and the markets in which the Company competes, there are important factors that could cause actual results to differ materially from those anticipated by the forward-looking statements made in this press release. These factors include, but are not limited to, competition and technological change, worldwide economic and political stability, setbacks in product development programs, order cancellations, slower-than-anticipated customer acceptance of new products, dependence on certain key industries, risk associated with the Company's acquisition strategy and international operations, and other factors set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 and other documents MOCON files with or furnishes to the Securities and Exchange Commission.

MOCON's shares are traded on the Nasdaq Global Market System under the stock ticker symbol MOCO.
MOCON is a registered trademark of MOCON, Inc.

MOCON, INC.
SUMMARY CONSOLIDATED FINANCIAL DATA
(in Thousands, Except Per Share Data)

INCOME STATEMENT DATA: (unaudited)

| | Quarters Ended December 31, | | Years Ended December 31, | |
|---|-----------------------------|----------------|--------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Sales | | | | |
| Products | \$ 6,649 | \$ 6,283 | \$ 25,659 | \$ 24,464 |
| Consulting services | <u>393</u> | <u>501</u> | <u>1,737</u> | <u>1,826</u> |
| Total sales | <u>7,042</u> | <u>6,784</u> | <u>27,396</u> | <u>26,290</u> |
| Cost of sales | | | | |
| Products | 2,476 | 2,681 | 10,399 | 10,182 |
| Consulting services | <u>244</u> | <u>264</u> | <u>985</u> | <u>970</u> |
| Total cost of sales | <u>2,720</u> | <u>2,945</u> | <u>11,384</u> | <u>11,152</u> |
| Gross profit | 4,322 | 3,839 | 16,012 | 15,138 |
| Selling, general and administrative expenses | 2,199 | 2,011 | 8,644 | 7,736 |
| Research and development expenses | <u>591</u> | <u>525</u> | <u>2,030</u> | <u>1,943</u> |
| Operating income | <u>1,532</u> | <u>1,303</u> | <u>5,338</u> | <u>5,459</u> |
| Other income | <u>165</u> | <u>123</u> | <u>580</u> | <u>398</u> |
| Income from continuing operations before income taxes | 1,697 | 1,426 | 5,918 | 5,857 |
| Income taxes | <u>613</u> | <u>482</u> | <u>2,113</u> | <u>1,968</u> |
| Income from continuing operations | <u>1,084</u> | <u>944</u> | <u>3,805</u> | <u>3,889</u> |
| Gain from discontinued operations, net of tax | <u>--</u> | <u>--</u> | <u>--</u> | <u>22</u> |
| Net income | <u>\$ 1,084</u> | <u>\$ 944</u> | <u>\$ 3,805</u> | <u>\$ 3,911</u> |
| Basic net income per share: | | | | |
| Income from continuing operations | \$ 0.20 | \$ 0.17 | \$ 0.69 | \$ 0.72 |
| Gain from discontinued operations | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Basic net income per share | <u>\$ 0.20</u> | <u>\$ 0.17</u> | <u>\$ 0.69</u> | <u>\$ 0.72</u> |
| Basic weighted average shares outstanding | 5,526 | 5,457 | 5,501 | 5,430 |
| Diluted net income per share: | | | | |
| Income from continuing operations | \$ 0.19 | \$ 0.17 | \$ 0.67 | \$ 0.71 |
| Gain from discontinued operations | <u>--</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Diluted net income per share | <u>\$ 0.19</u> | <u>\$ 0.17</u> | <u>\$ 0.67</u> | <u>\$ 0.71</u> |
| Diluted weighted average shares outstanding | 5,680 | 5,629 | 5,683 | 5,525 |

MOCON, INC.
SUMMARY CONSOLIDATED FINANCIAL DATA
(in Thousands)

BALANCE SHEET DATA: (unaudited)

| | <u>December 31,</u> <u>2007</u> | <u>December 31,</u> <u>2006</u> |
|--|------------------------------------|------------------------------------|
| Assets: | | |
| Cash and marketable securities | \$ 12,236 | \$ 12,259 |
| Accounts receivable, net | 4,478 | 4,552 |
| Inventories | 3,965 | 3,620 |
| Other current assets | <u>627</u> | <u>592</u> |
| Total current assets | 21,306 | 21,023 |
| Marketable securities, noncurrent | 2,789 | 377 |
| Property, plant and equipment, net | 1,583 | 1,557 |
| Other assets, net | <u>3,995</u> | <u>3,920</u> |
| Total assets | \$ <u>29,673</u> | \$ <u>26,877</u> |
| Liabilities and Stockholders' Equity: | | |
| Total current liabilities | \$ 3,949 | \$ 4,817 |
| Total noncurrent liabilities | 339 | 100 |
| Stockholders' equity | <u>25,385</u> | <u>21,960</u> |
| Total liabilities and stockholders' equity | \$ <u>29,673</u> | \$ <u>26,877</u> |