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Nortech Systems Reports Solid Earnings Growth;
Net Income Climbs 50 Percent for Second Quarter on Record Sales

MINNEAPOLIS – August 13, 2008 – Nortech Systems Incorporated (NASDAQ: NSYS) today reported record net sales of \$32.0 million for the second quarter ended June 30, 2008, up three percent over net sales of \$31.1 million for the second quarter of 2007. Second quarter operating income rose 32 percent to \$1.1 million, compared with \$840,000 for the second quarter of 2007. Net income was \$552,000 or \$0.20 per diluted common share, which is an increase of 50 percent over \$368,000, or \$0.13 per diluted common share, reported for the second quarter of 2007.

For the six months ended June 30, 2008, Nortech Systems reported net sales of \$63.2 million, compared with \$59.1 million for the same period in 2007, an increase of seven percent. Operating income for the six-month period rose 58 percent to \$2.4 million, up from \$1.5 million reported for the same period in 2007. Net income for the six-month period was \$1.2 million or \$0.43 per diluted common share, increasing 80 percent over the \$654,000, or \$0.24 per diluted common share, reported for the same period in 2007.

“Our record-setting quarterly revenue in a challenging macroeconomic environment can be attributed to a diverse customer base appreciating the competitive advantages we offer,” said Mike Degen, Nortech’s president and CEO. He cited particularly strong demand from the defense and medical sectors.

“Quarterly and six-month results both demonstrate solid operational improvements and leveraging,” continued Degen. “We’re committed to sustaining growth and supporting our customers through ongoing initiatives like world-class lean manufacturing and quality systems.”

To better capitalize on revenue opportunities with new and existing customers in the high-growth medical industry, Nortech Systems recently achieved ISO 13485 quality certification for its facilities in Merrifield and Baxter, Minn. This international certification is a

prerequisite for many global medical device manufacturers and it closely corresponds with a comparable standard of the U.S. Food & Drug Administration.

As announced last month, Fortune Small Business magazine recently ranked Nortech Systems on its list of “America’s 100 Fastest-Growing Small Public Companies.” This ranking is based on Nortech’s earnings-per-share growth, revenue growth and stock performance over the past three years.

Conference Call

Nortech Systems Incorporated announces a conference call to be held at 10:00 a.m. (CDT) on Thurs., August 14, 2008, to discuss the company’s second quarter results.

Anyone interested in participating in the conference can access the call by dialing 877-407-8033 from within the United States, or 201-689-8033 if calling internationally. An audio webcast and replay of this conference call can be accessed at the investor relations portion of Nortech Systems’ website at www.nortechsys.com or at www.investorcalendar.com. A podcast (MP3 download) will also be available.

A telephone replay will be available through August 29, 2008, by dialing 877-660-6853 (from U.S.) or 201-612-7415 (International). To access the replay, the account number 286 and conference ID 293629 are both required.

About Nortech Systems, Incorporated

Nortech Systems Incorporated (www.nortechsys.com), based in Wayzata, Minn., is a full-service electronics manufacturing services (EMS) provider of wire and cable assemblies, printed circuit board assemblies, and higher-level complete box build assemblies for a wide range of industries. Markets served include industrial equipment, military/defense, medical and transportation. The company has manufacturing capabilities and operating partners in the U.S., Asia and Latin America. Nortech Systems Incorporated is traded on the NASDAQ Stock Market under the symbol NSYS.

Forward-Looking Statements

This press release contains forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. While this release is based on management’s best judgment and current expectations, actual results may differ and involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from the forward-looking statements include, without limitation: volatility in market conditions which may affect market supply of and demand for the company’s products; increased competition; changes in the reliability and efficiency of operating facilities or those of third parties; risks related to availability of labor; commodity and energy cost instability; general economic, financial and business conditions that could affect the company’s financial condition and results of operations; as well as risk factors listed from time to time in the company’s filings with the SEC.

Condensed Statements of Operations

	Three months ended Jun. 30, Unaudited		Six months ended Jun. 30, Unaudited	
	2008	2007	2008	2007
Net Sales	\$31,994,182	\$31,136,314	\$63,223,545	\$59,130,776
Income from Operations	1,112,284	840,154	2,350,083	1,491,533
Income before Income Taxes	918,789	552,500	1,937,617	978,394
Income Tax Expense	367,000	185,000	760,000	324,000
Net Income	551,789	367,500	1,177,617	654,394
Net Income Per Basic Common Share	\$0.20	\$0.14	\$0.43	\$0.24
Weighted Average Number of Common Shares – Basic	2,712,373	2,695,754	2,708,881	2,685,469
Net Income Per Diluted Common Share	\$0.20	\$0.13	\$0.43	\$0.24
Weighted Average Number of Common Shares – Diluted	2,743,614	2,735,654	2,736,658	2,724,808

Condensed Balance Sheets

	June 30, 2008 (Unaudited)	Dec. 31, 2007
Current Assets	\$41,305,939	\$36,618,349
Property and Other Long-term Assets	10,458,504	10,382,105
Total Assets	<u>\$51,764,443</u>	<u>\$47,000,454</u>
Current Liabilities	\$25,619,027	\$21,805,997
Long-Term Debt	4,353,436	4,883,608
Shareholders' Equity	21,791,980	20,310,849
Total Liabilities and Shareholders' Equity	<u>\$51,764,443</u>	<u>\$47,000,454</u>