

NORTECH SYSTEMS INC  
Form 10-Q  
May 14, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D. C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2008

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**NORTECH SYSTEMS INCORPORATED**

Commission file number 0-13257

State of Incorporation: **Minnesota**

IRS Employer Identification No. **41-1681094**

Executive Offices: **1120 Wayzata Blvd E., Suite 201, Wayzata, MN 55391**

Telephone number: **(952) 345-2244**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

For the quarterly period ended March 31, 2008

Edgar Filing: NORTECH SYSTEMS INC - Form 10-Q

to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of \$.01 par value common stock outstanding at May 1, 2007 - 2,714,920

(The remainder of this page was intentionally left blank.)

---

TABLE OF CONTENTS

	PAGE
<b><u>PART I - FINANCIAL INFORMATION</u></b>	
<b><u>Item 1</u></b>	<b><u>Financial Statements</u></b>
	<u>Consolidated Balance Sheets</u> 3 - 4
	<u>Consolidated Statements of Income</u> 5
	<u>Consolidated Statements of Cash Flows</u> 6
	<b><u>Condensed Notes to Consolidated Financial Statements</u></b> 7-15
<b><u>Item 2</u></b>	<b><u>Management's Discussion and Analysis of Financial Condition And Results of Operations</u></b> 16-19
<b><u>Item 3</u></b>	<b><u>Controls and Procedures</u></b> 19-20
<b><u>PART II - OTHER INFORMATION</u></b>	
<b><u>Item 1</u></b>	<b><u>Legal Proceedings</u></b> 21
<b><u>Item 6</u></b>	<b><u>Exhibits</u></b> 21
<b><u>SIGNATURES</u></b>	22
<b>Exhibit 31.1</b>	
<b>Exhibit 31.2</b>	
<b>Exhibit 32.1</b>	
<b>Exhibit 32.2</b>	

## PART 1

## ITEM 1. FINANCIAL STATEMENTS

## NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

	MARCH 31 2008 (Unaudited)	DECEMBER 31 2007
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 138,784	\$ 888,036
Accounts Receivable, Less Allowance for Uncollectible Accounts of \$207,000 and \$198,000, respectively	18,950,804	15,366,965
Inventories, Less Inventory Reserves of \$1,297,000 and \$1,303,000 respectively	21,591,123	18,876,464
Prepaid Expenses	472,309	512,884
Deferred Income Taxes	1,084,000	974,000
Total Current Assets	42,237,020	36,618,349
Property and Equipment		
Land	300,000	300,000
Building and Leasehold Improvements	6,444,348	6,435,732
Manufacturing Equipment	10,476,338	10,140,802
Office and Other Equipment	3,736,073	3,687,441
Construction in Progress	195,755	146,081
Total Property and Equipment	21,152,514	20,710,056
Accumulated Depreciation	(12,201,600)	(11,785,374)
Net Property and Equipment	8,950,914	8,924,682
Other Assets		
Restricted Cash	427,500	427,500
Finite Life Intangibles	606,906	643,791
Goodwill	75,006	75,006
Deferred Income Taxes	292,000	303,400
Deposits	7,726	7,726
Total Other Assets	1,409,138	1,457,423
Total Assets	\$ 52,597,072	\$ 47,000,454

See Accompanying Condensed Notes to Consolidated Financial Statements



Edgar Filing: NORTECH SYSTEMS INC - Form 10-Q

	MARCH 31 2008 (Unaudited)	DECEMBER 31 2007
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current Liabilities		
Bank Note Payable	\$ 7,893,691	\$ 5,635,076
Current Maturities of Long-Term Debt		