

**FOR:** IMMEDIATE RELEASE

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## **PARAGON TECHNOLOGIES REPORTS 2008 SECOND QUARTER AND SIX MONTHS RESULTS**

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**EASTON, PA — August 12, 2008** -- Paragon Technologies, Inc. (Amex:PTG), a leading supplier of “smart” material handling systems and “software-driven” warehouse and distribution center solutions, today announced results for the second quarter and six months ended June 30, 2008.

During the second quarter ended June 30, 2008, the Company had a net loss of \$109,000 or \$.04 loss per share on sales of \$4.1 million, compared to net income of \$11,000 or \$.00 earnings per share on sales of \$6.0 million during the second quarter ended June 30, 2007.

During the first half of 2008, the Company had a net loss of \$3,000 or \$.00 loss per share on sales of \$9.2 million, compared to a net loss of \$257,000 or \$0.09 loss per share on sales of \$9.6 million during the first half of 2007.

During the first half of 2008, the Company repurchased 98,948 shares of common stock at a weighted average cost, including brokerage fees, of \$5.47 per share. As of June 30, 2008, \$2,343,070 remained available for repurchases from the \$17,000,000 stock repurchase program.

Len Yurkovic, Acting CEO of Paragon Technologies, commented, “We are disappointed in our second quarter and six months results following a year of strong revenue growth. While the sluggish economy has caused a number of our customers to push back or delay projects, our sales

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force is seeing positive customer interest in new projects. We expect to be on track once economic conditions improve.”

The Company will host a conference call to discuss these results on Tuesday, August 12, 2008 at 11:00 a.m. ET. To participate in the call, please dial 1-866-752-7147 and ask for the Paragon Technologies teleconference. Simultaneous with the conference call, an audio webcast of the call will be available via a link on the Paragon website, [www.ptgamex.com](http://www.ptgamex.com).

Paragon’s SI Systems’ branded technologies drive productivity at Fortune 1000 companies and the United States Government.

## About Paragon Technologies

Paragon Technologies is a leader in integrating material handling systems and creating automated solutions for material flow applications. SI Systems’ branded technologies and material handling solutions address unit assembly in manufacturing operations and order fulfillment applications. One of the top material handling systems suppliers worldwide, SI Systems leading clients have included the United States Postal Service, BMG, Peterbilt, Honda, and Maybelline.

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**Cautionary Statement.** *Certain statements contained herein are not based on historical fact and are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities and Exchange Commission rules, regulations and releases. Paragon intends that such forward-looking statements be subject to the safe harbors created hereby. Among other things, the forward-looking statements regard Paragon’s earnings, liquidity, financial condition, review of strategic alternatives, and other matters. Words or phrases denoting the anticipated results of future events, such as “anticipate,” “does not anticipate,” “should help to,” “believe,” “estimate,” “is positioned,” “expects,” “may,” “will,” “is expected,” “should,” “continue,” and similar expressions that denote uncertainty, are intended to identify such forward-looking statements. Paragon’s actual results, performance, or achievements could differ materially from the results expressed in, or implied by, such “forward-looking statements:” (1) as a result of factors over which Paragon has no control, including the strength of domestic and foreign economies, sales growth, competition, and certain cost increases; and (2) if the factors on which Paragon’s conclusions are based do not conform to its expectations. The forward-looking statements contained in this press release may become outdated over time. Paragon does not assume any responsibility for updating any forward-looking statements. Furthermore, achievement of the objectives of the Company is subject to certain risks, including, but not limited to, those risks outlined in Paragon’s filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2007 and the most recent quarterly report on Form 10-Q for the quarter ended March 31, 2008.*

This press release and prior releases are available at [www.ptgamex.com](http://www.ptgamex.com).

**Paragon Technologies, Inc.**  
**Summary Financial Information**  
**Selected Financial Data — Balance Sheets (UNAUDITED)**  
**(In Thousands, Except Ratio Information)**

	<b>June 30, 2008</b>	<b>December 31, 2007</b>
Cash and cash equivalents .....	\$ 10,890	12,104
Short-term investments .....	180	200
Total cash and cash equivalents and short-term investments .....	\$ 11,070	12,304
Trade receivables .....	\$ 1,481	2,640
Inventories .....	\$ 777	859
Current assets .....	\$ 14,893	17,842
Current liabilities .....	3,364	5,802
Working capital .....	\$ 11,529	12,040
Current ratio .....	4.43	3.08
Total assets .....	\$ 15,329	18,316
Total stockholders' equity .....	\$ 11,721	12,253

**Paragon Technologies, Inc.**  
**Summary Financial Information**  
**Selected Financial Data — Statements of Operations (UNAUDITED)**  
**(In Thousands, Except Per Share Information)**

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net sales .....	\$ 4,123	6,019	9,168	9,626
Income (loss) before income taxes ...	\$ (212)	41	(29)	(355)
Income tax expense (benefit) .....	(103)	30	(26)	(98)
Net income (loss) .....	\$ (109)	11	(3)	(257)
Basic earnings (loss) per share .....	\$ (.04)	.00	.00	(.09)
Diluted earnings (loss) per share .....	\$ (.04)	.00	.00	(.09)

**Paragon Technologies, Inc.**  
**Supplemental Financial Information**  
**Reconciliation of Net Income (Loss) to EBITDA (UNAUDITED)**  
**(In Thousands)**

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net income (loss) .....	\$ (109)	11	(3)	(257)
Add: Income tax expense (benefit) ...	(103)	30	(26)	(98)
Income (loss) before income taxes .....	(212)	41	(29)	(355)
Add: Interest expense .....	-	-	-	-
Add: Depreciation and amortization expense .....	32	28	63	55
EBITDA .....	\$ (180)	69	34	(300)