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COMMUNICATIONS SYSTEMS INC

Form 8-K

August 07, 2003

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 6, 2003

Communications Systems, Inc.

(Exact name of Registrant as specified in its charter)

Minnesota	0-10355	41-0957999
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

213 South Main Street Hector, Minnesota	55342
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(Address of principal executive offices)	(Zip Code)
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Registrant's telephone number, including area code (320) 848-6231

Item 9. Regulation FD Disclosure.

The following information is furnished pursuant to Item 12, "Results of Operations and Financial Condition."

On August 6, 2003, Communications Systems, Inc. (the "Company") reported its financial results for its second fiscal quarter ended June 30, 2003. See the Company's press release dated August 6, 2003, which is furnished as Exhibit 99 and incorporated by reference in this Current Report on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Communications Systems, Inc.

Date: August 7, 2003

By /s/ Paul N. Hanson

Paul N. Hanson
Vice President and Chief Financial Officer

No. Exhibit Manner of Filing

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Press Release dated August 6, 2003.

Filed Electronically

For Immediate Release:

Contact: Curtis A. Sampson, Chairman and Chief Executive Officer
Jeffrey K. Berg, President and Chief Operating Officer
Paul N. Hanson, Vice President - Finance

Communications Systems Announces Second Quarter 2003 Operating Results.

Hector, MN ---- August 6, 2003----- Communications Systems, Inc. (AMEX: JCS) today reported net income of \$628,000 or \$0.08 per diluted share for the second quarter ended June 30, 2003 compared to a net loss of \$1,042,000 or \$0.13 per diluted share for the second quarter of 2002. The Company recorded a writedown for excess inventory of \$1,500,000 in the second quarter of 2002. Second quarter 2003 revenues totaled \$24,869,000 compared to revenues of \$27,175,000 in the second quarter of 2002. Six-month revenues through June 30, 2003 were \$51,444,000 compared to \$51,095,000 in the same period in 2002. Net income for the six months ended June 30, 2003 was \$1,351,000 or \$.17 per diluted share compared to a net loss of \$572,000 or \$.07 per diluted share through six months in 2002. The 2003 six-month revenues include \$6,800,000 in sales contributed from the MiLAN business unit, which was acquired March 25, 2002, compared to MiLAN sales of \$2,900,000 in the first six months of 2002.

Effective May 31, 2003, the Company has closed its final manufacturing facility in Puerto Rico. Severance and other related closing costs incurred in the second quarter were approximately \$150,000. Additionally, the Company realized a net gain on disposal of assets of approximately \$280,000 in the second quarter, which was recorded as other income.

Austin Taylor the company's UK business unit, continues to experience weak market conditions and reported a \$267,000 after tax loss in the second quarter adding to the \$408,000 after tax loss in the first quarter.

Jeffrey K. Berg, President and COO said, " The Company continues to adjust our expenses in the UK to be aligned with the current revenue stream while sourcing additional products from the Asia Pacific region. These efforts will strengthen Austin Taylor's position in their markets."

Curtis A Sampson, Chairman and CEO commented, " We continue to remain profitable in a very difficult industry environment. Our business units providing broadband products and services are driving our revenue and earnings, while our traditional business of copper and wiring connecting devices continues to decline."

About Communications Systems

Communications Systems, Inc. provides physical connectivity infrastructure and services for cost-effective broadband solutions and is a leading supplier of voice-grade connecting devices and wiring systems. CSI serves the broadband network market as the world's leading supplier of media conversion technology, which permits networks to deploy fiber optic technology, while retaining the copper-based infrastructure already embedded in the network. In addition, CSI supplies copper wire and fiber optic structured wiring systems for broadband networks, as well as line filters for digital subscriber line service. CSI also provides network design, training and management services.

Cautionary Statement: From time to time, in reports filed with the Securities and Exchange Commission, in press releases, and in other communications to

