

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K/A

AMENDMENT TO APPLICATION OR REPORT  
Filed pursuant to Section 12, 13 or 15(d) of  
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 0-10355

COMMUNICATIONS SYSTEMS, INC.

.....  
(Exact name of registrant as specified in its charter)

AMENDMENT NO. 1  
.....

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Current Report on Form 8-K (Date of Report: November 18, 1996) as set forth in the pages attached hereto:

Item 7: Financial Statements and Pro Forma Financial Information.

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.

by /s/ Paul N. Hanson  
Paul N. Hanson  
Vice President and Chief Financial Officer

November 19, 1996

Total Pages (6)

Item 7: Financial Statements and Pro Forma Financial Information.

The information originally supplied under this item is supplemented by the following:

Pro forma Financial Information (unaudited)	Page Herein
Pro forma Consolidated Balance Sheet as of September 30, 1996	3
Notes to Pro forma Consolidated Balance Sheet	4
Pro forma Consolidated Income Statement for the year ended December 31, 1995 and Notes to 1995 Pro forma Consolidated Income Statement	5
Pro forma Consolidated Income Statement for the nine months ended September 30, 1996 and Notes to 1996 Consolidated Pro forma Condensed Income Statement	6

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following pro forma consolidated financial statements of income and explanatory notes show the pro forma effect on operating results of Communications Systems, Inc. (the Company) as if the sale of the assets of Zercom Corporation to Nortech Systems, Inc. occurred as of the beginning of the periods presented. The sale was completed on November 4, 1996.

The pro forma balance sheet and explanatory notes show the effect on the Company's financial position as if the sale occurred January 1, 1996.

The pro forma financial information and explanatory notes are unaudited and include adjustments which are based on management assumptions. The accompanying pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto included in the Company's Quarterly Report on Form 10-Q for the nine months ended September 30, 1996 and Annual Report on Form 10-K for the year ended December 31, 1995. Management believes these statements provide a reasonable basis for presenting the significant effects of the sale and the pro forma adjustments are properly applied in the pro forma statements.

The pro forma financial statements are not necessarily indicative of the results of operations had the sale occurred at the beginning of the periods presented, nor are they necessarily indicative of the results of future operations.

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PRO FORMA CONDENSED BALANCE SHEET (unaudited)

The following unaudited pro forma condensed balance sheet as of September 30, 1996 sets forth the effects of the sale of Zercom Corporation which was completed on November 4, 1996, as if the sale had been completed September 30, 1996.

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COMMUNICATIONS SYSTEMS, INC. AND SUBSIDIARIES  
UNAUDITED PRO FORMA BALANCE SHEET  
as of September 30, 1996

Assets:	Historical Balance Sheet	Pro Forma Adjustments	Pro Forma Balance Sheet
Current assets:			
<S>	<C>	<C>	<C>
Cash	\$14,892,182	\$1,637,570 [a] [c]	\$16,529,752
Marketable securities	859,890		859,890
Receivables, net	11,121,364	1,975,075 [d]	13,096,439
Inventories	13,211,397		13,211,397
Prepaid expenses	618,163		618,163
Deferred income taxes	869,000		869,000
Total current assets	<u>41,571,996</u>	<u>3,612,645</u>	<u>45,184,641</u>
Property, plant and equipment	23,744,102		23,744,102
less accumulated depreciation	(15,044,851)		(15,044,851)
Net property, plant and equipment	<u>8,699,251</u>	<u>0</u>	<u>8,699,251</u>
Net assets of and advances to discontinued Zercom operations	8,364,379	(8,364,379) [e]	-
Other assets:			
Investments in mortgage backed and other securities	4,643,194		4,643,194
Excess of cost over net assets acquired	3,173,596		3,173,596
Deferred income taxes	354,044		354,044
Other assets	293,744		293,744
Notes receivable		5,000,000 [b]	5,000,000
Total other assets	<u>8,464,578</u>	<u>5,000,000</u>	<u>13,464,578</u>
Total Assets	<u>\$67,100,204</u>	<u>\$248,266</u>	<u>\$67,348,470</u>

Liabilities and Stockholders' Equity:

Current liabilities:  
Notes payable

Accounts payable	\$3,157,698		\$3,157,698
Accrued expenses	2,260,664		2,260,664
Dividends payable	740,278		740,278
Income taxes payable	2,615,638		2,615,638
Reserve for loss on discontinued operations		248,266 [f]	248,266
Total current liabilities	<u>8,774,278</u>	<u>248,266</u>	<u>9,022,544</u>
Stockholders' Equity	<u>58,325,926</u>		<u>58,325,926</u>
Total Liabilities and Stockholders' Equity	<u>\$67,100,204</u>	<u>\$248,266</u>	<u>\$67,348,470</u>

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NOTES TO PRO FORMA CONDENSED BALANCE SHEET (unaudited)

Pro forma adjustments reflect the Company's sale of the inventory, property, plant, equipment and intangible assets of Zercom Corporation. to Nortech Systems, Inc. The Company sold these assets in exchange for \$1,500,000 of cash, and a \$5,000,000 note receivable at 8.25% annual interest. The Company retained Zercom's cash and accounts receivable and remains obligated for Zercom's liabilities.

The following is a summary of the adjustments required in accordance with generally accepted accounting principles:

a.	Record cash receipt from Nortech Systems, Inc. from sale of Zercom	\$1,500,000
b.	Record note receivable from Nortech from sale of Zercom	5,000,000
c.	Record net cash retained from Zercom following payment of outstanding liabilities	137,570
d.	Record Zercom receivables retained by the Company	1,975,075
e.	Eliminate net assets of and advances to Zercom Operations as result of the sale	8,364,379
f.	Record reserve established for future adjustments to sales agreement	248,266

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PRO FORMA CONDENSED INCOME STATEMENT (unaudited)

The following unaudited pro forma consolidated condensed income statement for the twelve months ended December 31, 1995 sets forth the effects of the sale of Zercom Corporation as if it had occurred effective January 1, 1995. The pro forma condensed income statement should be read in conjunction with the historical consolidated financial statements and related notes thereto of Communications Systems, Inc.

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COMMUNICATIONS SYSTEMS, INC. AND SUBSIDIARIES  
UNAUDITED PRO FORMA STATEMENT OF INCOME  
Twelve Months Ended December 31, 1995

Pro Forma Results	Historical Statements	Discontinued Operations Adjustments	Historical Continuing Operations	Pro Forma Adjustments
<S>	<C>	<C>	<C>	<C>
Sales \$66,004,316	\$85,614,365	(\$19,610,049)	\$66,004,316	
Costs and expenses:				
Cost of sales 47,297,078	64,393,055	(17,095,977)	47,297,078	
Selling, general and administrative expenses 8,518,644	10,777,137	(2,258,493)	8,518,644	

Total costs and expenses 55,815,722	75,170,192	(19,354,470)	55,815,722	0
Operating income 10,188,594	10,444,173	(255,579)	10,188,594	0
Other income and (expenses):				
Investment income 1,329,537	975,263	(58,226)	917,037	\$412,500 [a]
Interest expense (17,806)	(35,283)	17,477	(17,806)	
Other income, net 1,311,731	939,980	(40,749)	899,231	412,500
Income before income taxes 11,500,325	11,384,153	(296,328)	11,087,825	412,500
Income taxes 2,329,000	2,300,000	(136,000)	2,164,000	165,000 [b]
Net income 9,171,325	9,084,153	(160,328)	8,923,825	\$247,500
Net income per share \$.99	\$.99	\$ (.02)	\$.97	
Average common and common equivalent shares outstanding 9,217,000	9,217,000	9,217,000	9,217,000	

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NOTES TO PRO FORMA CONDENSED INCOME STATEMENT (unaudited) Twelve Months Ended  
December 31, 1995

The following is a summary of the adjustments required in accordance with  
generally accepted accounting principles:

a. Interest income from note receivable from Nortech Systems, Inc.	\$412,500
b. Income tax expense (40% rate)	165,000

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<TABLE>  
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COMMUNICATIONS SYSTEMS, INC. AND SUBSIDIARIES  
UNAUDITED PRO FORMA STATEMENT OF INCOME  
Nine Months Ended September 30, 1996

	Historical Statements	Pro Forma Adjustments	Pro Forma Results
<S> Sales from continuing operations	<C> \$50,618,464	<C>	<C> \$50,618,464
Costs and expenses:			
Cost of sales	35,504,434		35,504,434
Selling, general and administrative expenses	7,884,875		7,884,875
Total costs and expenses	43,389,309	0	43,389,309

Operating income from continuing operations	7,229,155	0	7,229,155
Other income and (expenses):			
Investment income	490,719	\$309,375 [a]	800,094
Interest expense	(16,499)		(16,499)
Other income, net	474,220	309,375	783,595
Income before income taxes	7,703,375	309,375	8,012,750
Income taxes	1,600,000	123,750 [b]	1,723,750
Income from continuing operations	6,103,375	185,625	6,289,000
Discontinued operations:			
Loss from discontinued Zercom operations, net of income taxes	(355,124)		(355,124)
Loss on disposal of Zercom operations, including provision of \$30,000 for operating losses during disposal period (net of tax benefit of \$133,000)	(393,000)		(393,000)
Net income	\$5,355,251	\$185,625	\$5,540,876
Net income per share:			
Continuing operations	\$.65		\$.67
Discontinued operations	(.08)		(.08)
	\$.57		\$.59
Average common and common equivalent shares outstanding	9,393,000		9,393,000

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NOTES TO PRO FORMA CONDENSED INCOME STATEMENT (unaudited) Nine Months Ended September 30, 1996

The following is a summary of the adjustments required in accordance with generally accepted accounting principles:

- |    |   |           |
|----|---|-----------|
| a. | Interest income from note receivable from Nortech Systems, Inc. | \$309,375 |
| b. | Income tax expense (40% rate)                                   | 123,750   |