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

FORM 10-QSB

(Mark One)

/x/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 1996

OR

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

For the transition period from _____________ to ____________

Commission file number: 0-17219

GENTNER COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

Utah	87-0398877
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1825 Research Way, Salt Lake City, Utah	84119
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 975-7200

____
(Former name, former address and former fiscal year, if changed since last report.)

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 to such filing requirements for the past 90 days.

/x/ Yes / / No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class of Common Stock	February 13, 1996
$0.001 par value	7,662,375 shares

GENTNER COMMUNICATIONS CORPORATION

BALANCE SHEETS

(Unaudited)

	December 31, 1996	June 30, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 363,648	$ 213,763
Accounts receivable	1,724,126	1,556,436
Inventory	2,523,946	3,229,765
Other current assets	246,140	111,743
Total current assets	4,857,860	5,111,707
Property and equipment, net	2,121,695	1,514,629
Other assets, net	324,909	153,874
Total assets	$ 7,304,464	$ 6,780,210
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 894,777	$ 916,041
Accounts payable	708,549	503,168
Accrued expenses	410,368	294,729
Current portion of long-term debt	245,524	163,314
Current portion of capital lease obligations	192,407	138,787
Total current liabilities	2,451,625	2,016,039
Long-term debt	570,608	427,250
Capital lease obligations	312,371	163,163
Total liabilities	3,334,604	2,606,452
Shareholders' equity:		
Common stock, 50,000,000 shares authorized, par value $.001, 7,662,375 shares issued and outstanding	7,662	7,662
Additional paid-in capital	4,422,747	4,422,747
Accumulated deficit	(460,549)	(256,651)
Total shareholders' equity	3,969,860	4,173,758
Total liabilities and shareholders' equity	$ 7,304,464	$ 6,780,210

GENTNER COMMUNICATIONS CORPORATION

STATEMENTS OF OPERATIONS

	(Unaudited) Three Months Ended December 31, 1996	1995
Net sales	$ 3,557,674	$ 3,063,011
Cost of goods sold	1,888,343	1,633,064
Gross profit	1,669,331	1,429,947
Operating expenses:		
Marketing and selling	1,034,006	598,525
General and administrative	461,802	363,712
Product development	189,566	234,221

Total operating expenses	1,685,374	1,196,458
Operating income (loss)	(16,043)	233,489
Other income (expense):		
Interest income	-	625
Interest expense	(38,176)	(48,378)
Other, net	(21,302)	(12,103)
Total other income (expense)	(59,478)	(59,856)
Income (loss) before income taxes	(75,521)	173,633
Provision for income taxes	-	-
Net income (loss)	$ (75,521)	$ 173,633
Net earnings (loss) per common share	$ (0.01)	$ 0.02

GENTNER COMMUNICATIONS CORPORATION

STATEMENTS OF OPERATIONS

	(Unaudited) Six Months Ended December 31,	
	1996	1995
Net sales	$ 6,497,879	$ 5,850,160
Cost of goods sold	3,470,328	3,073,390
Gross profit	3,027,551	2,776,770
Operating expenses:		
Marketing and selling	1,811,178	1,163,406
General and administrative	897,954	699,996
Product development	427,140	452,212
Total operating expenses	3,136,272	2,315,614
Operating income (loss)	(108,721)	461,156
Other income (expense):		
Interest income	-	1,487
Interest expense	(73,987)	(98,525)
Other, net	(21,190)	(12,103)
Total other income (expense)	(95,177)	(109,141)
Income (loss) before income taxes	(203,898)	352,015
Provision for income taxes	-	26,757
Net income (loss)	$ (203,898)	$ 325,258
Net earnings (loss) per common share	$ (0.03)	$ 0.04

GENTNER COMMUNICATIONS CORPORATION

CONDENSED STATEMENTS OF CASH FLOWS

	(Unaudited) Six Months Ended December 31,	
	1996	1995
Cash flows from operating activities:		
Cash received from customers	$ 6,265,022	$ 5,874,882
Cash paid to suppliers and employees . .	(5,352,098)	(5,736,124)
Interest received.	-	3,362
Interest paid.	(71,427)	(106,814)
Income taxes refunded (paid)	19,100	(25,900)
Net cash provided by operating activities.	860,597	9,406
Cash flows from investing activities:		
Purchases of property and equipment. . .	(607,769)	(49,338)
Issuance of note receivable.	(147,327)	-
Increase in other assets	(69,047)	(1,591)
Net cash used in investing activities.	(824,143)	(50,929)
Cash flows from financing activities:		
Proceeds from employee stock option exercises	-	142,313
Net repayments under line of credit. . .	(21,264)	(75,000)
Principal payments of short-term notes to vendors.	-	(283,687)
Proceeds from issuance of long-term debt.	319,669	400,000
Principal payments of capital lease obligations	(90,873)	(79,163)
Principal payments of long-term debt . .	(94,101)	(48,037)
Net cash provided by financing activities.	113,431	56,426
Net increase in cash	149,885	14,903
Cash at the beginning of the year.	213,763	119,238
Cash at the end of the period	$ 363,648	$ 134,141
Supplemental disclosure of cash flow information:		
Property and equipment financed by capital leases.	$ 293,701	$ 25,490

GENTNER COMMUNICATIONS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 1996
(Unaudited)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. Accordingly, certain information and footnote disclosures normally included in complete financial statements have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's 1996 Annual Report on Form 10-KSB.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of the results of operations to be expected for the full year.

2. Earnings (Loss) Per Common Share

Earnings (loss) per common share was calculated using the modified treasury stock method. The weighted average number of common shares outstanding was 7,662,375 and 7,659,864, respectively, for the three months ended December 31, 1996 and 1995. For the six-month periods then ended, the amounts were 7,662,375 and 7,617,022, respectively. Stock options and warrants to purchase common stock have been excluded from the presented computation of per share amounts inasmuch as the effects were either immaterial or antidilutive.

3. Inventory

Inventory is summarized as follows:

	(Unaudited) December 31, 1996	June 30, 1996
Raw materials.	$ 825,138	$ 962,504
Work in progress	843,786	866,279
Finished goods	855,022	1,400,982
Total inventory.	$ 2,523,946	$ 3,229,765

4. Employee Stock Purchase Plan

During the month of January 1997, the Company established an Employee Stock Purchase Plan, and on January 27, 1997 the shares to be issued under the Plan were registered with the Securities and Exchange Commission. 500,000 shares of common stock are authorized to be issued and purchased under the Plan. Under the terms of the Plan, employees will have the opportunity through a common broker to purchase shares for their account on the open market at market prices. The Company will then issue new compensatory shares to employees at a rate of one share for every nine shares purchased. The Plan requires that all such shares purchased and issued are to be held by employees for a period of at least one year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Sales for the three months ended December 31, 1996 increased by 16% compared to the same period during the prior fiscal year. The primary reason for the increase during fiscal 1997's second quarter was higher sales of new Broadcast and Teleconferencing products. Sales of existing Broadcast and Assistive Listening System ("ALS") products also experienced increases during the quarter. Increased sales of these products was the same reason the Company's year-to-date sales increased 11%, as compared to the six-month period during fiscal 1996.

Sales to the Broadcast market, which represent just over half of the Company's business, grew by 17% and 12%, respectively, during the three and six-month periods ended December 31, 1996, when compared to the same period last fiscal year. The Company had higher sales of its TS612 multi-line talk show product line, due to new additions and network connection enhancements introduced over the last twelve months. Broadcast sales also grew particularly during the second quarter as a result of the Company beginning regular shipments of its new GSC3000 product series. Introduced in April of 1996, the new product line is expected to significantly grow sales of the Company's Site Control line of products. Site Control products help broadcasters fulfill legal requirements for monitoring and controlling remote transmitter sites. The new GSC line will allow station managers to monitor several different sites using one networked system.

Sales to the audio segment of the Teleconferencing market (the "Audioconferencing" market) increased 18% during this fiscal year's second quarter, and increased 5% year-to-date as compared to the corresponding periods of the prior fiscal year. The increase in the second quarter resulted primarily from sales growth in the Company's line of room system products, particularly the new GT724 teleconferencing system. The new product has strong customer appeal and wider potential teleconferencing applications than the Company's other audioconferencing room products. Several distance learning and telemedicine organizations have named the GT724 as the product of choice to be included with their systems. During the second quarter, the Company also experienced a 35% increase in sales of its audioconferencing service. The growth was a result of higher sales and marketing efforts devoted to this area. During the last part of the calendar year the Company test marketed a regional advertising campaign in which the service was reintroduced using the brand name 1-800 LETS MEET. The Company plans to continue emphasizing its sales efforts on behalf of the service, and also plans to devote additional resources to the development of new audioconferencing system products anticipated to be introduced during the coming calendar year.

Contributing to the overall sales increase for the second quarter were higher sales of ALS products, due partially as a result of sales of the new PTX portable transmitter introduced last year. ALS products represent one of the Company's fastest growing product segments, growing 21% during the second quarter ended December 31, 1996, and have grown 48% so far during the current fiscal year as compared to the corresponding periods of last year.

Operating expenses for the second quarter grew 41%, and increased 35% during the six months ended December 31, 1996, when compared to the same periods of the prior fiscal year. The increases resulted mainly from significant increases in sales and marketing costs. During the last part of the quarter ended June 30, 1996, the Company began significant new initiatives to augment its efforts in the areas of marketing and sales. These activities have continued throughout the current fiscal year as well. In September 1996, the Company hired its first Vice President of Sales and Marketing. Management believes this new position is key to serving the Company's markets and positioning the Company for additional sales growth and profitability. The Company has also devoted additional sales and marketing resources to all market areas, particularly with respect to its aforementioned audioconferencing service. These activities resulted in a 78% jump in sales and marketing expenses during the second quarter compared with the same period of the prior fiscal year, and a 56% increase in such expenses for the first half of fiscal 1997. General and administrative expenses have risen during the three and six-month periods, respectively, by 27% and 28%, primarily as a result of hiring increases in the areas of human resources and information systems management. In addition, during the second quarter the Company moved into expanded office and warehouse space located adjacent to its existing facilities. The new space has effectively doubled the Company's available square footage, resulting in increased occupancy costs. Product development costs declined 19% during the most recent quarter and were lower by 5% year-to-date for the current fiscal year compared to last. The decreases reflect less development activity so far this year than the prior fiscal year, during which the Company had been devoting resources to bringing the TS612 product to market. The Company expects development costs to increase during the last half of fiscal 1997 as it moves closer to finishing work on significant new audioconferencing room system products. The Company is in an investment phase currently, and anticipates these increases in overhead expenses to continue. However, the Company also expects these moves will continue to increase sales, resulting in profitability in the long-term.

The differences in interest expense incurred during the second quarter and the current fiscal year-to-date primarily reflect differences in usage of the Company's line of credit facility.

FINANCIAL CONDITION AND LIQUIDITY

The Company's current ratio decreased from 2.5:1 to 2.0:1 during the six months since June 30, 1996. The factor contributing most to the change was a 41% increase in the accounts payable balance, along with a 39% increase in the quarter-end level of accrued expenses. The increases stem primarily from the purchase of additional GSC3000-related raw materials over the last four months, along with the general increase in operating expenses mentioned above. The change in current ratio was also affected by a 22% decrease in inventory amounts. Over the last two years, the Company has concentrated on better inventory management and purchasing efficiencies. Positive results began to show during fiscal 1996's second quarter, and have continued ever since. Although efforts have been directed to inventory balances overall, during the last nine months the Company has particularly focused on strategic levels of finished goods in relation to anticipated sales. Those efforts resulted in a 28% finished goods inventory decline during fiscal 1997's first quarter, and an additional 15% decrease during the quarter ended December 31, 1996. The Company feels that the amount of finished goods at present in relation to sales volume is sufficient to support anticipated sales levels, and plans to continue its attention in reducing raw materials. So far this year, raw materials have been reduced 14%.

In October 1996, the Company renewed its line of credit arrangement ($894,777 outstanding at December 31, 1996) with a different commercial bank. The terms of the new lending arrangement are for a higher maximum amount outstanding than the Company had previously ($2.5 million available, up from $1.75 million), and at an interest rate which is variable, depending on various financial ratios. Specifically, the rate can range from three to five basis points over the London Interbank Offered Rate (LIBOR). Currently, the rate is 8.9%. The loan is secured by accounts receivable and inventory, and is scheduled to mature at the end of October 1997.

The Company has been successful in improving cash flows during the prior fiscal year and those efforts have carried into the first half of fiscal 1997. By reducing its short-term debt over the last twelve months, along with arranging for a higher credit limit, the Company has been able to increase available cash reserves. The Company's cash flow position has also improved as a result of implementing successful inventory management programs. Already the Company has seen the positive operational cash flow results from this course of action. These activities combined will allow the Company to pursue its plans for fiscal 1997 of enhancing marketing and sales activities to achieve sales growth. As sales continue to increase, the Company anticipates that it can achieve its business plan through a combination of internally generated funds, and short term and/or long-term borrowing, if necessary.

To the extent any statement presented herein deals with information that is not historical, such statement is necessarily forward-looking. As such, it is subject to the occurrence of many events outside of the Company's control that could cause the Company's results to differ materially from those anticipated.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
EX-27 Financial Data Schedule

(b) Reports on Form 8-K
None

SIGNATURES

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

GENTNER COMMUNICATIONS CORPORATION

/s/ David L. Harmon

David L. Harmon
Chief Financial Officer

Date: February 13, 1997

<ARTICLE> 5
<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS AND FOOTNOTES INCLUDED IN FORM 10-QSB FOR THE QUARTER ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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