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

FORM 10-KSB

(Mark One)

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]

For the fiscal year ended June 30, 1996

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

For the transition period from __________ to __________

Commission file number 0-7219

GENTNER COMMUNICATIONS CORPORATION
(Name of small business issuer in its charter)

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

Issuer's telephone number (801) 975-7200

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $0.001 par value
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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.
Yes [X] No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-KSB or any amendment to this Form 10-KSB. [X]

The issuer's revenues for its most recent fiscal year ended June 30, 1996 were $11,469,155

The aggregate market value of the voting stock held by non-affiliates is approximately $5,200,000. This value was computed by reference to the price at which the stock was sold, $0.84, on September 18, 1996 (which date is within 60 days of the filing of this Form 10-KSB).

The number of shares outstanding of the issuer's Common Stock as of September 18, 1996 was 7,662,375.

PART I

ITEM 1. BUSINESS

General

Gentner Communications Corporation (the "Company") is a corporation organized under the laws of the State of Utah in 1983. The Company develops, markets, and distributes technologically advanced audioconferencing products and services, along with other products, primarily for the Broadcast market and the audio segment of the Teleconferencing market. In addition, the company produces assistive listening products to the Professional Audio market. The audio segment of the Teleconferencing market is herein referred to as the "Audioconferencing market." Up to 1991, the Company's primary business was the sale of studio and transmitter related equipment and accessories to broadcast facilities. Since then, the Company has applied its core digital technology gained in the Broadcast market to the development of products for the Audioconferencing market. In addition, the Company offers a conference call service. With this combination of products and service, the Company's vision is to provide customers with the total audio solution for conferencing.

The Company currently sells two major product lines to the Broadcast market. The largest product line consists of telephone interface equipment, which is primarily used to facilitate audio teleconferences in which callers are put on the air for call-in talk shows. In fiscal 1996, sales of products to the entire Broadcast market accounted for 49% of the Company's total sales.

In 1991, using the technological expertise gained in the Broadcast market, the Company commenced marketing products specifically developed by it for the Audioconferencing market. The Company's audioconferencing products, which are used to conduct audio teleconferences, allow users to speak into microphones and listen through speakers without the cut-offs, distortion, and noise associated with traditional speakerphones, providing for a more natural, two-way conversation among participants. The Company's product lines primarily comprise high-end audioconferencing systems installed in conference rooms, distance learning facilities, and court rooms. The Company also markets a line of economical portable units. In fiscal 1993, the Company commenced a conference call service operation. This service is marketed to sales organizations, law firms, financial networks, and any business requiring conference calling. Sales of products and services to the Audioconferencing market accounted for 41% of the Company's total sales during fiscal 1996.

Business Strategy

The Company provides conference calling solutions that help businesses facilitate group communication, avoid wasted travel time, solve problems through group input, and get faster results. In addition to growing its conference calling service, the Company plans to continue developing and manufacturing audioconferencing equipment for business, legal, education, broadcast, and other markets. Sales growth is expected to come through new equipment introductions, enhancements, increased international distribution, and an increased emphasis on sales and marketing. To that end, the Company has recently hired a Vice President of Sales and Marketing, and has and will hire additional sales people who will focus on specific products, services, and markets. The Company also will direct additional resources to new marketing campaigns.

The Company believes that there is a significant growth potential in the U.S. Audioconferencing market. According to statistics published by the International Teleconferencing Association, Audioconferencing sales have been growing at an annual rate of 21% over the last four years, with sales of both audioconferencing equipment and conferencing services at $1.4 billion for calendar 1995. While the past is at best only an indicator of what the future might hold, the Company plans to allocate a large portion of its resources to develop and market audioconferencing products and services to this market. Due to the larger market size and potentially greater competition, the marketing of Audioconferencing products and services will continue to require substantial marketing resources and research and development efforts. To this end, the Company will continue to seek out highly trained and experienced personnel. Additionally, the Company has aggressively focused on research and development to create a superior line of products. Because of its ability to combine sophisticated audioconferencing conference room systems and portable units with conference call services into a package available through a nationwide network of dealers and sales representatives, the Company plans to offer end users a "total solution" approach, which it believes will meet the demands of this growing market.

Broadcast Products

The Company has two major product lines that it sells to the Broadcast market: Telephone interface and transmitter site control products. The Company also markets two additional, minor lines of audio processing and audio routing and distribution products. With the exception of transmitter site control products, all these products are used in broadcast studios to assist in production and/or on-air programming. Each of the major product lines is discussed in greater detail below.

Telephone Interface Products. The Company's telephone interface product-line offers a full selection of products ranging from simple single line couplers to computerized multiple line systems used in talk show programs. An example of the computerized multi-line system is the Company's TS612 product line, which it began selling in fiscal 1995. Using the TS612, broadcast talk show hosts can screen calls, transfer calls to on-air, conference several callers together, or monitor which callers are on hold and which are talking to the show's producer.

Transmitter Site Control Products. These products help broadcasters fulfill legal requirements for monitoring and controlling their transmitters, which are often located in remote areas such as on mountain tops. The Company's products provide monitoring of conditions at the transmitter site and permit users to make adjustments to transmitters by remote control. The components offer users the option of monitoring and making such adjustments either via desktop computer, or via touch-tone telephones accompanied with digitally synthesized voice capabilities. In April of 1996, the Company introduced the new GSC3000 product series at the National Association of Broadcasters Trade Show in Las Vegas. These new hardware and software products, scheduled to begin shipping during the Fall of 1996, are designed to augment the Company's existing transmitter site control products by permitting station managers to monitor several different sites.

The Company sells two other types of products to broadcasters. One distributes audio throughout a broadcast or other type of sound studio, and the other allows broadcasters to tailor the sound of their stations to suit the tastes of specific audiences.

Audioconferencing Products

The Company's internal research into the needs of the business community, coupled with its digital capabilities developed with broadcast products, led to its development of products for the Audioconferencing market. This market is experiencing rapid growth. Companies that conduct lengthy meetings over the telephone have expressed dissatisfaction with the speakerphones traditionally used in these meetings. The problems noted with traditional speakerphones include poor audio quality, low volume levels, echoes, noise, distortion, and speech cut-offs. The Company believes that it has substantially addressed these problems through the development of audioconferencing systems that digitally process audio signals.

In 1991, the Company began shipping several competitively priced audioconferencing products and systems. The systems permit users to communicate via professional quality external microphones and speakers which, combined with the Company's digital technology, result in higher audio quality. The systems permit fully interactive conversations, allowing users to talk normally (as if all participants were in the same room), without cut-offs. In addition to uses in business conferencing situations, these audio systems and components are used in videoconferencing applications, by educational institutions for distance learning, in federal and state courtrooms, and by health care organizations in telemedicine applications. On June 30, 1996, the Company expanded its available product line by shipping the new GT724, an audio interface specifically designed for videoconferencing. The Company feels there are additional opportunities available for sales growth by expanding these audioconferencing systems further by integrating additional audio components, such as microphones, mixers, and amplifiers.

The Company began shipping a new audioconferencing product in fiscal 1995. This product, the ET100, is a highly advanced, portable audioconferencing unit that provides high quality sound, without delays, cut-offs, or echoes, and that will hook up with virtually any phone system. This unique capability allows users to utilize all of their telephone functions such as hold, conference, transfer, multiple line access, etc. The ET100, containing its own built-in microphones and speaker, turns the existing digital PBX or analog telephone into a two-way, hands-free audioconferencing device. In February 1996, the Company began shipping a new audioconferencer, the ET10, which is a smaller and less expensive version of the ET100. The ET10 has the base features of the ET100, but is intended to be used in an office or cubicle with a desk telephone instead of in a conference room.

Conference Call Service

In February 1993, the Company launched its new conference call service operation to provide customers with a complete offering of audioconferencing solutions. This service can connect telephone callers worldwide with state-of-the-art volume and clarity. While not a significant part of the Company's overall sales in the past, the Company anticipates additional growth from this segment in the future as a result of implementing a sales force dedicated to this line and increasing marketing efforts.

Assistive Listening Products

In March 1993, the Company began shipping its new Assistive Listening System ("ALS") products. These products provide a specially-processed audio signal for the hearing impaired in such facilities as sport stadiums, museums, libraries, theme parks, zoos, auditoriums, convention centers, and tour buses. The equipment processes the program's audio for maximum clarity. Then the audio is transmitted over a limited range to small, portable receivers provided by the facility to patrons to use while listening to the program. Since introducing the ALS line, the Company has seen demand for its ALS products steadily increase as a result of additional products, and increased emphasis in distribution and marketing. In fiscal 1995, the Company expanded its ALS product line with the introduction of an additional multi-channel receiver, a battery charger and other accessories. During fiscal 1996, the new PTX portable transmitter was introduced. ALS products and accessories currently are one of the Company's fastest growing product lines.

Broadcast Market

For fiscal 1996, the Broadcast market was still the Company's largest revenue source, generating approximately 49% of the Company's total sales. The Company's products are targeted and sold to radio and television stations, broadcast networks, and other broadcast-related customers.

Based on statistics provided by the Company's wholesalers, the Company estimates that the potential annual U.S. Broadcast market size is approximately $100 million for all types of equipment, including the type the Company provides. The Company's current market share is approximately 5% of this market.

The United States is considered to be the predominant segment of the worldwide Broadcast market, with over 12,000 radio and television stations in operation. The Company estimates that this market will grow at an average annual rate of approximately 5%. The Company's products are sold mainly to renovate older studios and/or replace obsolete equipment. Although little new broadcast station construction has taken place in the past several years in the United States due to the limited number of frequencies that become available at any given time, the Company believes that it will continue to enjoy growth in the Broadcast market as product innovations allow broadcast stations to upgrade their existing equipment and reduce operating costs. Furthermore, the Company has noted a recent organizational shift in the Broadcast industry, as an increasing number of stations have come under consolidated ownership and/or management control. The Company expects this trend to continue over the next two to three years. Due to its newer telephone interface and site control products' features that provide centralized monitoring and control of several facilities, the Company believes its broadcast products are especially well-suited to provide sales growth during this industry trend.

The Company has traditionally concentrated its efforts in selling its products in the United States. However, while the United States is considered to be the largest single Broadcast market segment in the world, it is believed to represent only 20% of the total worldwide Broadcast market. The international Broadcast market is expanding due largely to government deregulation and privatization of stations and an expansion in the number of frequencies available for commercial use. In 1991, the Company began focusing efforts on expanding its international market share and has appointed dealers located in key areas around the world (see "Description of Business -- Distribution"). The Company has also specifically appointed a master distributor for the European market. Such Broadcast sales overseas now account for 26% of all sales by the Company to the Broadcast market. Sales of all products to all foreign markets, which includes both export sales and sales intended for overseas installation, principally in Canada, Europe, and Asia, accounted for 13% of total sales in both fiscal 1996 and 1995.

Audioconferencing Market

Sales to the Audioconferencing market represented approximately 41% of total Company sales in fiscal 1996. The Audioconferencing market is a segment of the total Teleconferencing market, which also includes the Videoconferencing market segment. Although the Company designs and manufactures audio equipment that works in connection with the Videoconferencing segment, it specializes in the Audioconferencing segment.

Products and services sold by all companies to the Audioconferencing market include terminal equipment, telephone bridge equipment, conference calling services, and transmission services. The Company's primary focus is in the terminal equipment and conference calling categories. According to industry sources, the calendar 1995 U.S. market for all audioconferencing products and services exceeded $1.4 billion. Industry sources also reported that this market has been growing at an average rate of 21% over the past four years, and is expected to grow to $1.6 billion in calendar 1996. Many of the Company's audioconferencing system audio components are also sold in part of the Videoconferencing segment of the market, which grew 50% in calendar 1995 to $2.3 billion.

The Company believes that the Audioconferencing market provides its most significant sales growth potential for the future, and plans to continue providing solutions to businesses and other end users through the sale of audioconferencing equipment and services.

Other Markets

In addition to the Broadcast and Audioconferencing markets, the Company's products are sold into other markets, particularly the Professional Audio market. The Professional Audio market includes sound contractors who install audio and other equipment in churches, schools, auditoriums and other large facilities. The Company sells its products into this market generally through the same manufacturers' representatives and dealers that represent the Company in the Audioconferencing market. The products sold to this market are primarily the audio routing and distribution products, telephone interface products, and ALS products.

Marketing and Sales

Broadcast sales efforts by the Company focuses on domestic and international sales of broadcast products through a worldwide network of dealers. Such efforts have included a combination of product catalogs, telephone telemarketing, direct mail, trade advertising, fax on demand, an Internet world wide web page, and direct selling. The Company will continue to support dealers with product information, brochures, and data sheets, and has been increasing its activities aimed at garnering the attention of end users. The Company will continue to sponsor sales promotions to encourage dealers to feature the Company's products, and will also focus more on end user interaction efforts. The Company will also continue to exhibit its products at selected high profile industry trade shows to ensure that the Company's products remain highly visible to dealers and broadcasters.

Audioconferencing systems sales efforts are primarily aimed at audio/visual equipment dealers and consultants. These companies in turn provide audio solutions to end users in applications such as corporate board room audio and video systems, distance learning classroom and facilities, telemedicine examination and diagnosing systems, court rooms, etc. The Company has been reaching these end users through a sales representative and dealer network that regularly interacts with potential end users in the target market. The Company actively participates alongside this network at communication forums, trade shows, and industry promotions. By augmenting its internal sales force and establishing sales offices on the east and west coasts of the U.S., the Company intends to reinforce those efforts and increase sales.

In the past, the Company relied on its existing sales force and outside representative network to sell its conference calling service and ET line of products. The Company plans to increase sales in both these areas by augmenting its sales and marketing activities and adding internal sales people. In September 1996, the Company hired a new Sales Director to oversee sales efforts. In addition, existing marketing resources have been specifically focused to support conference calling, customer research has been conducted, and new advertising campaigns are being planned for fiscal 1997.

Customer Support

Customer support, which is generally provided over the telephone, provides timely, interactive help to customers needing operational or technical assistance with their products. The Company's customer support team regularly communicates with the Company's engineering and manufacturing groups to ensure up-to-date information is being given to the customers and to provide feedback to the Company that can be useful in initiating product improvements.

Distribution

Broadcast Products. The Company's broadcast products are generally sold in the United States through non-exclusive independent broadcast equipment dealers. End users generally place orders with a dealer by calling a toll free number. The market is highly competitive and it is not unusual for a customer to call several dealers to get the best possible price. Once a customer orders equipment, a dealer then either ships the product to the customer from the dealer's inventory or orders the product from the Company to be shipped directly to the customer. Only the Company's largest dealer is also a manufacturer of communications systems and equipment. This customer is the Company's predominant dealer in the Broadcast market and is believed by the Company to be the dominant supplier of equipment for radio stations in the United States. Sales to this dealer represent a significant portion of Company sales, accounting for approximately 11% of the Company's total sales in fiscal 1996, and 18% and 16% of sales during fiscal 1995 and fiscal 1994, respectively. However, the Company believes that if it were to lose this dealer, it could sell its products to customers either directly or through other dealers. With respect to international sales, the Company has established international relationships with dealers for its broadcast products in Canada, Asia, the South Pacific, and Latin America. It also has established a master distributor in Europe.

Audioconferencing Products. The Company sells its audioconferencing systems and components through independent audio/visual equipment dealers and consultants. The Company also uses a national network of independent sales representatives. With respect to these types of systems, the sales reps focus on the Company's lines of products exclusively. Currently, most of the

Company's audioconferencing system sales are in the United States. The Company's primary strategy for foreign expansion is to establish sales offices and other distribution channels in markets where it believes there is a growing need for products and services of the type offered by the Company. The Company has pursued this strategy in conjunction with its international broadcast activities and has established some dealerships in the same geographic locations.

The Company distributes products to the Professional Audio market via this same network of sales reps to independent sound contractors. These products include the Company's Assistive Listening System product line and other audio processing and routing equipment.

Conference Calling Service. The Company telemarkets customers directly with respect to its conference calling service, and has recently expanded its activities and the number of employees in this area. The Company also plans to utilize this sales force in distributing certain audioconferencing products directly to end users.

Competition

The principal competitive factors in the Company's markets include innovative product design, product quality, established customer relationships, name recognition, distribution, and price.

In the Broadcast market, the Company has several competitors in each of its product lines. There is not, however, any single competitor who directly competes with the Company in all such product lines. Although some of the Company's competitors are smaller in terms of annual revenues and capitalization, such competitors are usually focused on a single product line and can therefore devote their resources to products that are directly competitive with, and which may adversely impact sales of, the Company's products. However, the Company's name is well known with respect to its broadcast products, particularly with its telephone interface equipment. This advantage, coupled with the Company's size, will likely enable it to preserve and increase its Broadcast market share.

The Company believes that its ability to successfully compete in the Audioconferencing market is essential to the Company's growth and market development. There are other companies with substantial financial, technical, manufacturing and marketing resources currently engaged in the development and marketing of similar products and services. Some of these companies have launched products competitive with those being developed and manufactured by the Company. However, the Company has used its core acoustic digital technology developed for the Broadcast market to produce what it believes are conference room installed audioconferencing systems and equipment of superior performance. It also believes its new line of portable audioconferencers have significant competitive advantages (see "Description of Business - Audioconferencing Products"). By offering both these types of products, combined in various types of packages with conference calling services, the Company feels it can uniquely position itself in the rapidly expanding Audioconferencing market.

Research and Development

The Company is highly committed to research and development. The Company views its investment in research and development as the key to long-term business success. The Company expended $929,132 and $802,062 on research and development in the fiscal years ended June 30, 1996 and 1995, respectively.

The Company is continually developing new products and services. Current new research and development efforts are focused on the broadcast telephone interface and audioconferencing systems product lines. The Company also heavily invests resources in technically sustaining and refining existing products. Moreover, the Company continues to allocate resources to obtain and maintain product regulatory compliance.

The Company's core technological competencies include many areas of telecommunications and telephone acoustic echo cancellation. The Company's capability to use Digital Signal Processing ("DSP") technology to perform audio processing operations is also a core competence. This technology is critical to the performance of the Company's products. The Company maintains an internal computer aided design ("CAD") team. This team creates the necessary electrical schematics, printed circuit board designs, mechanical designs, and manufacturing documentation to support the research and development efforts. The Company's CAD and product design teams use networked computing systems and sophisticated software programs to facilitate all aspects of product development.

The Company believes that ongoing development of its core technological competencies is vitally important to future sales.

Patents and Proprietary Rights

Trade secrets, proprietary information, and technical know-how are important to the Company's scientific and commercial success. The Company currently relies on a combination of trade secrets and nondisclosure agreements to establish and protect its proprietary rights in its products. The Company also has a U.S. trademark registration for "PeopleLink," the name used on one of the Company's telephone interface products.

Government Regulation

The Company designs and manufactures its equipment in accordance with the technical design standards of Federal Communications Commission ("FCC") Rules Part 15, Class A and Part 68. Part 15 governs the levels of electromagnetic radiation emanating from commercial computing equipment. The Company endeavors to conform all of its products covered by Rule 15 with the Rule 15 standards based on internal testing. Part 68 sets forth certain standards for telephone equipment that is to be used within the United States telecommunications system, such as line isolation and surge protection standards. The Company's applicable telecommunications products are each certified by independent inspectors to meet the Part 68 standards.

The Company also designs and manufactures its equipment pursuant to industry product safety standards.

Several of the Company's products are currently registered for sale in various international markets. The Company must conform with design standards similar to those of the FCC in each of the foreign countries in which its products are sold.

Manufacturing and Supplies

The Company currently manufactures and/or assembles its products using purchased or leased manufacturing equipment. Most of the equipment presently being used will continue to be utilized for several years. The Company's manufacturing facility incorporates modern, modular assembly work stations and work accessories that enhance the efficiency and quality of the manufacturing process. In July 1996, the Company installed a new surface-mount assembly line. Most new sophisticated electronic equipment designs now utilize surface-mount technology, which incorporates smaller, more powerful electronic components and computer chips than used on "through-hole" circuit boards in the past. The Company believes that this new manufacturing capability will help to reduce manufacturing costs, and increase production efficiencies and capacity. If sales increase substantially, the Company may be required to invest in additional manufacturing equipment. Subject to financial considerations, the Company does not believe it would experience any difficulty in obtaining any additional equipment that might be needed as a result of any substantial sales increase (see "Management's Discussion and Analysis -- Financial Condition and Liquidity").

The Company generally purchases its assembly components from distributors, but also buys a limited amount directly from manufacturers. Printed circuit boards and metal work are purchased directly from local suppliers. Its principal suppliers are Hamilton Hallmark, Arrow Electronics, Bell Industries, Standard Supply Company, Precise Metal Products Company, and Precision Technology. Of these principal suppliers, only Precise Metal Products, which does all of the Company's metal stamping work, is single source. Precise Metal Products could be replaced by at least three local and eight regional metal stamping companies with little disruption in the manufacturing process. The Company's general policy is to have a minimum of two vendor sources. Many of the components utilized are bonded by certain distributors and manufacturers. This bonding process places ordered products on the distributors' shelves until the product is required by the Company.

This allows the Company to reduce its inventory while maintaining available stock.

The Company uses a real time computer system to monitor its manufacturing process, which allows the Company to utilize cost accounting for each product and to monitor profitability in each phase of the manufacturing process. The software is covered under a maintenance contract which allows for new version upgrades. The Company has developed an extensive software back-up system that provides for daily back-ups housed in a fire-proof safe.

Warranty and Service

The Company provides one and two-year warranties on its products which cover both parts and labor. The Company, at its option, repairs or replaces products that are defective during the warranty period if the proper preventative maintenance procedures have been followed by customers. Repairs that are necessitated by misuse of such products or are required outside the warranty period are not covered by the Company's warranty.

In cases of defective products, the customer typically returns them to the Company's facility in Salt Lake City, Utah. The Company's service personnel then replace or repair the defective items and ship them back to the customer. Generally, all servicing is done at the Company's plant, and the Company charges its customers a fee for those service items that are not covered by warranty. The Company does not offer its customers any formal written service contracts.

Employees

As of June 30, 1996, the Company had 88 employees, all of which were full time employees. None of the Company's employees are subject to a collective bargaining agreement.

ITEM 2. PROPERTIES

All of the Company's operations, including its executive offices, conference call service, product sales, research and development, and manufacturing, are conducted in a 20,000 square feet facility located south of Salt Lake City (the "Research Way facility"). The Research Way facility is a modern building leased by the Company. The base monthly rent for this facility currently is approximately $11,000. The facility is in good condition and the Company believes the facility will be reasonably adequate to meet its immediate needs. The Company has negotiated with the landlord of the Research Way facility to build an expansion to the existing building. Construction on the new addition began May 23, 1996, and the Company expects to begin occupying the new space by the end of calendar 1996. Monthly rent on the entire 40,000 sq. ft. space at that time will be approximately $20,500. Monthly rents are scheduled to increase ratably over the next ten years. The new facilities will allow the Company to grow steadily during this time, as the landlord has granted certain expansion options to the Company with respect to adjacent building space.

ITEM 3. LEGAL PROCEEDINGS

The Company knows of no material litigation or proceeding, pending or threatened, to which the Company is or may become a party.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded in the over-the-counter market on the NASDAQ System under the symbol "GTNR." Warrants are traded under the symbol "GTNRW". The following table sets forth quotations for the common stock for the last two fiscal years.

1996	High	Low
First Quarter	$1.94	$0.78
Second Quarter	1.63	0.88
Third Quarter	1.31	0.94
Fourth Quarter	1.28	0.75
1995		
First Quarter	$0.84	$0.59
Second Quarter	0.81	0.56
Third Quarter	1.22	0.72
Fourth Quarter	1.03	0.69

The above inter-dealer quotations were obtained from the National Association of Securities Dealers (NASD), do not reflect markups, markdowns, or commissions, and may not represent actual transactions.

The Company does not pay a cash dividend and does not anticipate doing so in the foreseeable future. Currently, the Company's line of credit prohibits the payment of dividends.

As of September 1, 1996, there were approximately 2,800 holders of common stock of the Company.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Year Ended June 30, 1996 Compared to Year Ended June 30, 1995.

Sales for the year ended June 30, 1996 ("fiscal 1996") increased 3% compared to the prior fiscal year ended June 30, 1995 ("fiscal 1995"). Shipments of new products during the first half of the fiscal year were the primary reasons for the increase. Offsetting this sales growth during the third quarter were weather factors and the federal government shutdown.

Broadcast market sales for the year ended June 30, 1996 were up 3% over fiscal 1995. Increased sales from earlier in the fiscal year were due to the Company's new TS612 talk show telephone system. The Company has received favorable customer response to this product, and has finalized new enhancements which were introduced during the third quarter. Increased sales also resulted from another new product, the Company's recently introduced Telehybrid telephone interface unit. This new product allows broadcasters to make easy connections to either digital or analog phone lines in various "on-air" broadcast applications. These sales increases during the first half of the year were offset somewhat by circumstances which occurred during the third quarter. Severe winter weather conditions experienced in the Northeastern part of the United States affected several of the Company's broadcast dealers and their customers who postponed orders. In addition, capital investment plans by broadcast customers were uncertain due to anticipated changes in station ownership provisions included in the then pending Telecommunications Act of 1996. After the Telecommunications legislation passed, the approval of any such ownership changes was then interrupted by the temporary shutdown of the Federal Communications Commission. The Company feels that these circumstances resulted in a temporary slowdown, and noted that Broadcast sales during the fourth quarter of fiscal 1996 were at approximately the same level as during the second quarter.

Sales to the Broadcast market during the coming fiscal year are anticipated to increase primarily as a result of the new GSC3000 product series that was unveiled at the April 1996 National Association of

Broadcasters trade show in Las Vegas. The new hardware and software products are designed to augment the Company's existing transmitter site control products by allowing station engineers to monitor several different sites using desktop computers. This product line is expected to begin shipping in the Fall of 1996.

Sales to the audio segment of the Teleconferencing market (the "Audioconferencing" market) rose by 4% during the 1996 fiscal year as compared to the previous fiscal year. The Company experienced higher sales during the first six months of fiscal 1996 primarily due to shipments of the new AVT line of products. These units were designed specifically for use in conjunction with videoconferencing and distance learning. Also contributing to Audioconferencing sales throughout fiscal 1996 were shipments of the ET100 and ET10 portable audioconferencing units. The Company spent time earlier in the year making design modifications and improvements to the ET100, and released version 2.0 during the second fiscal quarter. The ET10 is the first full-duplex conferencing product designed for use in an individual office or cubicle, and the Company began shipments during February of 1996.

In offsetting these sales increases to the Audioconferencing market, the federal government shutdown during the third quarter affected the Company's sales to this market as well. A significant number of the Company's audioconferencing systems are utilized in distance learning applications located at educational facilities. The Company's dealers bid many of these systems to universities and colleges who purchase the equipment using federal grants. While grant approvals at federal agencies were temporarily suspended, time-sensitive bids expired, requiring dealers to prepare new bid packages. During the following quarter ended June 30, 1996, sales of those types of audioconferencing systems resumed to a level slightly higher than that experienced during fiscal 1996's second quarter. The Company expects overall sales of its audioconferencing products and services to increase in the future as a result of new products being developed during fiscal 1997, and due to increased focus on marketing and sales activities.

The Company's gross profit margin percentage increased from 43% to 45% during the year ended June 30, 1996, as compared to the prior fiscal year. Some of the difference stems from a moderate sales price increase of the Company's products which took effect on July 1, 1995. In addition, the prior year's third quarter gross profit margin was lower than normal. Included therein were extensive revisions and updates made to the standard costs of several products and product subassemblies. Accordingly, the Company reflected the change as additional cost of goods sold during that quarter ended March 31, 1995. The revised product costs, coupled with the price increase, resulted in improved quarterly margins during the first half of fiscal 1996 over fiscal year 1995. As anticipated however, the Company experienced slightly lower profit margins of new products introduced during the quarter ended March 31, 1996, which also affected the full quarter ended June 30, 1996. The gross profit margin percentage during the fourth quarter was 42%. The Company believes that margins experienced during fiscal 1997 will not be significantly less than this, and anticipates higher gross profits resulting from the overall increase in sales.

For the year ended June 30, 1996, operating expenses overall went up 0.7% compared to fiscal 1995, mainly as a result of a 9% decrease in general and administrative costs. Such expenses were lower primarily as a result of cost saving efforts and efficiencies gained by modifying the organizational structure, a process which began yielding results during the latter half of fiscal 1995. Offsetting these savings, however, were increases in product development costs, which were up 16%. This was due primarily to expenses incurred during the current fiscal year's second and third quarters associated with new product and product enhancements, and also as a result of lower product development costs during the third quarter of fiscal 1995. The reason for the decrease during that period was the approximately $75,000 of software development costs that were capitalized. Marketing and selling expenses were up 2% during the year over fiscal 1995, due mostly to increased activities and customer research conducted during the quarter ended June 30, 1996. The Company plans to aggressively pursue marketing and sales efforts throughout fiscal 1997, based on the results of that research, and expects expenses in this area to increase.

Total interest expense for fiscal 1996 did not vary significantly from that of fiscal 1995, increasing by only 1%. Changes in the interest expense amounts stemmed primarily from differences in usage of the Company's line of credit facility. Interest expense for the last half of fiscal 1996 was 31% lower than during the same period for fiscal 1995, mainly as a result of short-term debt payoffs using cash generated from operations. Due to utilizing much of its excess cash beginning in fiscal 1995, the Company earned significantly less interest income during the first half of fiscal 1996.

The Company's statutory minimum provision for state income taxes was calculated using the rate of 0.3%. The rate was different than that which would normally have been applied, 34%, primarily as a result of changes to the valuation allowance for deferred tax assets.

Year Ended June 30, 1995 Compared to Year Ended June 30, 1994.

The Company experienced a 26% increase in total sales during fiscal 1995 compared to the year ended June 30, 1994 ("fiscal 1994"). Sales to the Company's two major markets, the Broadcast and Audioconferencing markets, grew significantly during the year. The increases in both markets were primarily due to the Company shipping two new products that had been announced during fiscal 1994.

Sales to the Broadcast market in fiscal 1995 increased 26% over fiscal 1994. The principal factor contributing to the growth was sales of the Company's new TS612 multiline telephone system. Created specifically for broadcast talk shows and satellite business video conferencing, the product has won trade show awards and wide customer acceptance. Sales of other broadcast products also grew as a result of increased marketing and product availability. Some of these increases, however, were offset by the absence of any fiscal 1995 sales of its Audisk product line which was sold during fiscal 1994.

Audioconferencing market sales grew as a result of product sale increases across the board, most notably of the new portable ET100 audioconferencing unit. The increases resulted from improved product availability and better results achieved by the Company's distribution network of sales representatives and dealers. Together with increases in GT300, GT700, and TI7200 equipment and system sales, the ET100 contributed to fiscal 1995's 40% increase in all Audioconferencing sales compared to fiscal 1994. Higher product sales, along with steady increases in the Gentner Conference Call teleconferencing service, resulted in Audioconferencing sales representing a record 40% of all of the Company's fiscal 1995 sales. This compares to 36% of total sales in fiscal 1994, and 21% in fiscal 1993.

The Company's gross profit margin percentage increased from 42% in fiscal 1994, to 43% in fiscal 1995. The slight increase in gross profit was due primarily to a different sales mix in effect during the period, as described above. Additionally, during fiscal 1995, the Company no longer sold Audisk products, which had earned lower profit margins than most of the Company's other Broadcast and Audioconferencing products.

Fiscal 1995 operating expenses decreased by 7% compared to fiscal 1994. However, the prior year's results included a loss on the disposal of the Audisk product line totaling $754,424. In addition, the Company incurred approximately $450,000 of certain nonrecurring costs in fiscal 1994's fourth quarter which were associated with unique organizational and structural changes accomplished at that time. These costs were virtually all included in general and administrative expenses. Exclusive of these two amounts, total operating expenses in fiscal 1995 as compared to fiscal 1994 actually increased by 22%. The increases resulted from the following factors:

> Marketing and sales expenses rose 46% over the prior year. The higher expenses, which include sales commissions, were due mainly to the significant sales increases experienced during the year and also because of increased activities directed to promoting new products, primarily the TS612 and ET100.
>
> Product development costs decreased 13% compared to fiscal 1994. Contributing to the decrease, however, was the capitalization of certain costs related to software development. Had these costs been included in expenses, product development costs would have experienced a decline of only 5 % during fiscal 1995 over fiscal 1994. The decrease reflects reduced outside development costs, primarily during the latter part of fiscal 1995, as opposed to the previous year when the Company had devoted significant resources to the development of the two aforementioned products.
>
> During the first half of fiscal 1995, general and administrative

expenses were higher than during the first half of fiscal 1994 as the Company's efforts to restructure took effect. This process, begun during fiscal 1994's third and fourth quarters, was intended to allow the Company better capacity to manage an increasing focus on customer relations and overall business development. In addition, certain cost saving measures were initiated, such as moving out of the Company's Salt Lake downtown facility. During the latter half of fiscal 1995, this cost reduction effort began to yield results, with the net effect that general and administrative expenses, exclusive of the non-recurring items mentioned above, decreased 2% during the entire fiscal 1995 year compared to fiscal 1994.

Interest income during fiscal 1995 declined 80% when compared to fiscal 1994 due to reduced cash investment balances maintained by the Company in fiscal 1995. During fiscal 1995, the Company utilized much of its excess cash pursuant to the sales growth activities described above. In connection therewith, the Company also tapped into its line of credit significantly more during fiscal 1995, also in part to finance higher levels of inventory to accommodate the higher sales, resulting in a 157% increase in interest expense over the previous year.

The Company's effective income tax rate (i.e., 0.8%) used to calculate the statutory minimum state tax provision on fiscal 1995's operating loss, was different than the expected federal statutory income tax rate of 34%, again primarily due to changes in the valuation allowance for deferred tax assets, and research credits generated.

Financial Condition and Liquidity

The Company's current ratio increased from 1.8 at the end of fiscal 1995, to 2.5 at the end of fiscal 1996. The factors contributing most to the change was an adjustment of short-term debt which occurred during fiscal 1996's first quarter, and a reduction of accounts payable throughout the year. The Company obtained permanent long-term financing for several items of furniture and equipment acquired during fiscal 1995 and 1994, and applied the proceeds towards the short-term line of credit. This enabled the Company during the second quarter of fiscal 1996 to significantly reduce the amounts owing to vendors, thus reducing the accounts payable balance by 18% by December 31, 1995. Accounts payable balances were then reduced by another 35% during the latter part of fiscal 1996 in part by using funds collected from customers, thereby reducing the balance in accounts receivable. However, most of the funds used in the accounts payable reduction came from the 10% inventory decrease during the quarter ended June 30, 1996.

The Company expects to continue benefiting from ongoing inventory management programs started during fiscal 1995. Such efforts, intended to improve raw material purchasing efficiencies and reduce inventory size overall, began yielding results during the second quarter of fiscal 1996, and served to reduce the total of raw materials 22% during the six months ended June 30, 1996. Earlier in fiscal 1996, levels of finished goods were increased to provide adequate product availability and satisfy expected customer demand. Unfortunately, the sales decline during the third quarter resulted in finished goods inventory levels rising during that quarter by 35%, a rate faster than anticipated. As a result, the Company adjusted purchasing and manufacturing schedules in an effort to temporarily reduce the production of finished goods until sales decreased the stock on hand. The 25% decline in work in progress inventory since December 1995 reflects those efforts. The strategy worked, and finished goods levels dropped 14% during the fourth quarter due to the increase in fourth quarter sales. The combination of all these factors occurring during the year led to an overall inventory decrease of 3% in fiscal 1996.

During the first quarter of fiscal 1996, the Company renewed its line of credit arrangement with a commercial bank. The terms of the arrangement remained the same as before, with $1.75 million available at 1% over prime, maturing on October 31, 1996. There was $916,041 payable at June 30, 1996. The Company anticipates renewing the agreement past the maturity date.

As described in the footnotes to the financial statements, the Company has certain commitments relating to capital expenditures. These commitments are in the form of obligations classified as long-term debt and capital leases, both related to the financing of furniture and equipment. Together, the current obligations on these commitments was $265,664 in fiscal 1996 and will be $331,178 in fiscal 1997.

The Company is continuing its efforts to improve cash flows during an overall period of sales growth and ongoing product development. By reducing its short-term debt, the Company has been able to increase available cash reserves. The Company's cash flow position has also improved as a result of achieving a level of profitability following fiscal 1995's period of operational expansion and intense product promotion, and 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. This 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 and inventory management processes continue, 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 or to the various risk factors included elsewhere in this document that could cause the Company's results to differ materially from those anticipated.

ITEM 7. FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS

Report of Independent Auditors

The Board of Directors and Shareholders
GENTNER COMMUNICATIONS CORPORATION

We have audited the accompanying balance sheets of Gentner Communications Corporation as of June 30, 1996 and 1995, and the related statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gentner Communications Corporation at June 30, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 1996, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP
/s/

Salt Lake City, Utah
August 7, 1996

GENTNER COMMUNICATIONS CORPORATION
BALANCE SHEETS

	June 30, 1996	June 30, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 213,763	$ 119,238
Accounts receivable, less allowances of $94,000 in 1996 and $130,000 in 1995	1,556,436	1,644,376
Inventory	3,229,765	3,324,866
Other current assets	111,743	140,088
Total current assets	5,111,707	5,228,568
Property and equipment, net	1,514,629	1,829,161
Other assets, net	153,874	140,731
Total assets	$6,780,210	$7,198,460
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 916,041	$1,508,687
Accounts payable	503,168	943,723
Accrued expenses	294,729	297,426
Current portion of long-term debt	163,314	93,506
Current portion of capital lease obligations	138,787	128,486
Total current liabilities	2,016,039	2,971,828
Long-term debt	427,250	229,372
Capital lease obligations	163,163	283,799
Total liabilities	2,606,452	3,484,999
Commitments		
Shareholders' equity:		
Common stock, 50,000,000 shares authorized, par value $.001, 7,662,375 and 7,455,375 shares issued and outstanding at June 30, 1996 and 1995	7,662	7,455
Additional paid-in capital	4,422,747	4,244,641
Accumulated deficit	(256,651)	(538,635)
Total shareholders' equity	4,173,758	3,713,461
Total liabilities and shareholders' equity	$6,780,210	$7,198,460

See accompanying notes

GENTNER COMMUNICATIONS CORPORATION
STATEMENTS OF OPERATIONS

	Years ended June 30, 1996	1995	1994
Net sales	$11,469,155	$11,106,078	$ 8,779,522
Cost of goods sold	6,279,775	6,346,348	5,074,926
Gross profit	5,189,380	4,759,730	3,704,596
Operating expenses:			
Marketing and selling	2,394,415	2,355,900	1,618,887
General and administrative	1,406,786	1,539,291	1,766,082
Product development	929,132	802,062	920,079
Loss on disposal of Audisk product line	-	-	754,424
Total operating expenses	4,730,333	4,697,253	5,059,472
Operating income (loss)	459,047	62,477	(1,354,876)
Other income (expense):			
Interest income	1,988	11,479	56,577
Interest expense	(185,676)	(183,790)	(71,497)
Other, net	7,525	(5,329)	(54,190)
Total other income (expense)	(176,163)	(177,640)	(69,110)
Income (loss) before taxes	282,884	(115,163)	(1,423,986)
Provision (benefit) for income taxes	900	900	(165,000)
Net income (loss)	$ 281,984	$ (116,063)	$(1,258,986)
Earnings (loss) per common share	$ 0.04	$ (0.02)	$ (0.17)

See accompanying notes

GENTNER COMMUNICATIONS CORPORATION
STATEMENTS OF CASH FLOWS

	Years ended June 30, 1996	1995	1994
Cash flows from operating activities:			
Cash received from customers	$11,569,740	$10,624,914	$ 8,506,138
Cash paid to suppliers and employees	(10,824,274)	(11,937,537)	(8,657,630)
Interest received	3,863	10,229	55,952
Interest paid	(194,148)	(176,075)	(72,675)
Income taxes (paid) refunded	(25,900)	243,643	5,421
Net cash provided by (used in) operating activities	529,281	(1,234,826)	(162,794)
Cash flows from investing activities:			
Purchases of property and equipment	(176,743)	(632,397)	(337,308)
Increase in capitalized software development and purchased			

software costs.	-	(95,700)	-
Issuance of notes receivable	-	(45,320)	(34,115)
Repayment of notes receivable. . . .	60,320	6,665	21,384
Decrease (increase) in other assets	139	75,584	(26,329)
Net cash used in investing activities	(116,284)	(691,168)	(376,368)
Cash flows from financing activities:			
Proceeds from issuance of common stock	-	73,125	-
Exercise of warrants and employee stock options	142,313	-	19,180
Net (repayment) borrowing under line of credit.	(308,959)	1,225,000	-
Net financing of trade payables with short-term notes	(283,687)	283,687	-
Proceeds from issuance of long-term debt.	400,000	282,500	-
Principal payments of capital lease obligations	(135,825)	(172,554)	(219,948)
Principal payments of long-term debt.	(132,314)	(80,350)	(86,191)
Net cash provided by (used in) financing activities	(318,472)	1,611,408	(286,959)
Net increase (decrease) in cash and cash equivalents	94,525	(314,586)	(826,121)
Cash and cash equivalents at the the beginning of the year.	119,238	433,824	1,259,945
Cash and cash equivalents at the end of the year.	$ 213,763	$ 119,238	$ 433,824

Reconciliation of net income (loss) to net cash used in operating activities:			
Net income (loss).	$ 281,984	$ (116,063)	$(1,258,986)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization of property and equipment. . .	513,781	427,355	283,266
Amortization of other assets. .	41,258	23,265	60,505
Gain on investments	(36,895)	-	-
Loss on disposal of Audisk product line	-	-	754,424
Other	21,339	1,635	24,739
Changes in operating assets and liabilities, exclusive of Audisk-related amounts:			
Accounts receivable	87,940	(307,258)	(260,617)
Refundable income taxes. . .	-	245,343	(157,136)
Inventory	95,101	(881,422)	(274,432)
Prepaid expenses	(31,975)	(6,462)	10,736
Accounts payable and accrued expenses.	(443,252)	(621,219)	657,150
Deferred income taxes. . . .	-	-	(2,443)
Net cash provided by (used in) operating activities	$ 529,281	$(1,234,826)	$ (162,794)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Years ended June 30,		
	1996	1995	1994

Property and equipment financed by capital leases	$ 25,490	$ 127,113	$ 62,094

See accompanying notes

GENTNER COMMUNICATIONS CORPORATION
STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Share-holders' Equity
Balances at June 30, 1993	7,313,900	$7,314	$4,152,477	$ 836,414	$4,996,205
Exercise of warrants and employee stock options	24,475	24	19,156	-	19,180
Net loss	-	-	-	(1,258,986)	(1,258,986)
Balances at June 30, 1994	7,338,375	7,338	4,171,633	(422,572)	3,756,399
Issuance of common stock (no offering costs incurred)	117,000	117	73,008	-	73,125
Net loss	-	-	-	(116,063)	(116,063)
Balances at June 30, 1995	7,455,375	7,455	4,244,641	(538,635)	3,713,461
Exercise of employee stock options	207,000	207	142,106	-	142,313
Tax benefits allocated to contributed capital	-	-	36,000	-	36,000
Net income	-	-	-	281,984	281,984
Balances at June 30, 1996	7,662,375	$7,662	$4,422,747	$(256,651)	$4,173,758

See accompanying notes

GENTNER COMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Gentner Communications Corporation (the Company), designs and manufactures high-technology electronic equipment for the Broadcast, Audioconferencing, and Professional Audio markets. The Company also provides domestic and international conference calling services. The Company grants credit without requiring collateral to substantially all its customers within these markets.

Summary of Significant Accounting Policies

Cash Equivalents - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventory - Inventories are stated at the lower of cost (first-in, first-out) or market.

Revenue Recognition - Revenue from product sales is recognized at the time product is shipped by the Company to its customers, including distributors, all of which are unaffiliated, and net of allowances for returns and uncollectible accounts.

Property and Equipment - Property and equipment are stated at cost. Depreciation and amortization are provided over the estimated useful lives of the respective assets using the straight-line method.

Other Assets - Other assets consist primarily of intangible assets which are stated at cost less accumulated amortization. The Company amortizes these costs on a straight-line basis over three to ten years. The Company performs an evaluation of these amounts on a periodic basis to determine that the recorded costs are not in excess of their net realizable value.

Earnings (Loss) Per Common Share - Earnings (loss) per common share was calculated using the modified treasury stock method, and was based on weighted average equivalent shares outstanding of 7,639,698, 7,338,697, and 7,330,488, for the years ended June 30, 1996, 1995, and 1994. Stock options and warrants to purchase common stock have been excluded from the computation of per share amounts in years when the effect was antidilutive.

Research and Development Costs - Research and development costs are expensed as incurred.

Software Development Costs - The Company capitalizes a portion of its software development costs. Both capitalized software development costs and purchased software costs are amortized on a straight-line basis over the estimated useful life of three years or the ratio of current revenue to the total of current and anticipated future revenue, whichever provides for greater amortization. Amortization generally commences when the related products begin shipping. The total of purchased software costs and software development costs capitalized during the year ended June 30, 1995 was $95,700. Capitalizable costs in prior periods were immaterial. Amortization expense recorded during the respective years ended June 30, 1996 and 1995 was $31,900 and $13,292. Unamortized costs are stated at the lower of cost or net realizable value and are included in other assets net of accumulated amortization of $45,192 in 1996 and $13,292 in 1995.

Income Taxes - Effective July 1, 1993, the Company changed its method of accounting for income taxes from the deferred method to the liability method required by FASB Statement No. 109, "Accounting for Income Taxes." As permitted under the new rules, prior years' financial statements have not been restated. The cumulative effect of adopting Statement 109 was not significant.

Reclassifications - Certain reclassifications have been made to prior years' amounts to conform with the current year presentation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and these accompanying notes. Actual results could differ from those estimates.

2. SIGNIFICANT CUSTOMER

The Company sells a substantial portion of its products to a major distributor in the Broadcast market. For the fiscal years ended June 30, 1996, 1995, and 1994, sales to this distributor aggregated $1,223,438 (11%), $1,946,775 (18%), and $1,385,110 (16%), respectively. At the end of those years amounts due from this customer were $80,983, $239,976, and $83,014, respectively.

3. FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, accounts receivable and payable, the Company's line of credit, and accrued liabilities all approximate fair value due to the short-term maturities of these assets and liabilities. The carrying values of virtually all long-term notes payable also approximate fair value due to the fact that applicable interest rates fluctuate based on market conditions.

4. INVENTORY

Inventory is summarized as follows:

	June 30, 1996	June 30, 1995
Raw materials.	$ 962,504	$ 959,478
Work in progress	866,279	1,380,393
Finished goods	1,400,982	984,995
Total inventory.	$3,229,765	$3,324,866

5. PROPERTY AND EQUIPMENT

Major classifications of property and equipment and estimated useful lives are as follows:

	June 30, 1996	June 30, 1995
Office furniture and equipment - 5 to 10 years	$2,169,500	$2,175,283
Manufacturing and test equipment - 5 to 10 years	1,195,637	1,051,043
Telephone bridging equipment - 10 years.	443,347	417,434
Vehicles - 3 to 5 years.	22,318	16,753
	3,830,802	3,660,513
Accumulated depreciation and amortization	(2,316,173)	(1,831,352)
Net property and equipment	$1,514,629	$1,829,161

6. OTHER ASSETS

Other assets consist principally of deposits, insurance policy cash values, capitalized software costs, purchased technology, and deferred taxes. Amortization is computed on a straight-line basis over three to ten years for those assets with limited useful lives. Accumulated amortization was $115,588 and $74,331 at June 30, 1996 and 1995, respectively.

7. LINE OF CREDIT

The Company maintains a line of credit ($916,041 and $1,225,000 outstanding, and $1,750,000 available at June 30, 1996 and 1995) with a commercial bank, which expires October 31, 1996 and which the Company anticipates renewing beyond that date. Any borrowings accrued interest at the rate of 1% over prime (10% as of June 30, 1996). The weighted average interest rate as of June 30, 1996 and 1995, respectively, was 9.8% and 9.6%. The terms of the line of credit prohibit the payment of dividends and require the Company to maintain other defined financial ratios and restrictive covenants. No compensating balance arrangements are required.

8. LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 1996	June 30, 1995
8.5% note due to a financial institution, with monthly payments of $4,008, due April 1997, secured by manufacturing and test equipment with a book value of		

$48,288.	$ 38,565	$ 81,395
1.5% over prime note due to a financial institution, with monthly payments of $5,846, due July 1999, secured by manufacturing and test equipment with a book value of $125,300	194,917	241,483
1.5% over prime note due to a financial institution, with monthly payments of $8,579, due September 2000, secured generally by equipment, furniture, and other intangible assets.	357,082	-
	590,564	322,878
Less current portion	(163,314)	(93,506)
Total long-term debt	$ 427,250	$ 229,372

Annual principal installments of long-term debt are $165,726, $139,522, $153,086, $102,701, and $25,418 for the years ending June 30, 1997, 1998, 1999, 2000, and 2001, respectively.

9. LEASES

The Company has entered into capital leases with finance companies to finance the purchase of certain furniture and equipment. Property and equipment under capital leases are as follows:

	June 30, 1995	June 30, 1994
Office furniture and equipment	$ 352,877	$ 353,217
Manufacturing equipment.	92,582	92,582
Telephone bridging equipment	327,520	320,050
Vehicles	22,318	-
	795,297	765,849
Accumulated amortization	(606,886)	(279,155)
Net property and equipment under capital leases	$ 188,411	$ 486,694

Future minimum lease payments under capital leases and noncancelable operating leases with initial terms of one year or more are as follows:

	Capital	Operating
For years ending June 30:		
1997	$ 165,452	$ 218,101
1998	121,939	248,196
1999	39,705	258,851
2000	11,916	267,096
2001	13,111	279,563
Thereafter	-	1,704,687
Total minimum lease payments. . . .	352,123	$ 2,976,494
Less use taxes	(20,323)	
Net minimum lease payments.	331,800	
Less amount representing interest. . . .	(29,850)	
Present value of net minimum lease payments	301,950	
Less current portion	(138,787)	
Capital lease obligations	$ 163,163	

Certain operating leases contain escalation clauses based on the consumer price index. Rental expense, which was composed of minimum rentals under operating lease obligations, was $144,877, $146,755, and $223,139, for the years ended June 30, 1996, 1995, and 1994, respectively. The Company's operating lease on its facility, which expires in 2007, provides for renewal options extending the terms an additional ten years. Rates charged would be at prevailing market rates at the time of renewal.

10. ROYALTY AGREEMENTS

The Company is the general partner of two limited partnerships, Gentner Research Ltd. ("GRL"), and Gentner Research II, Ltd. ("GR2L"), both related parties. GRL sold the proprietary interest in a remote control product line to the Company in exchange for royalty agreements in 1987 and 1988. Royalty expense under the agreements with GRL for the years ended June 30, 1996, 1995, and 1994, was $29,400, $17,900, and $21,300, respectively. Once new product is developed, and begins shipping, the Company plans on entering into similar arrangements with GR2L. At June 30, 1996 and 1995, respectively, GR2L owed the Company $24,379 and $27,970.

11. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows:

	June 30, 1996	June 30, 1995
Deferred tax liabilities:		
Tax over book depreciation	$ 149,000	$ 126,000
Unamortized software costs	19,000	32,000
Total deferred tax liabilities	168,000	158,000
Deferred tax assets:		
Accounts receivable and other reserves	21,000	34,000
Capital loss carryforward	4,000	-
Inventory reserves	20,000	41,000
Product warranty accruals	4,000	4,000
Net operating loss carryforwards	388,000	413,000
Tax credit carryforwards	245,000	186,000
Total deferred tax assets	682,000	678,000
Valuation allowance for deferred tax assets	(478,000)	(520,000)
Net deferred tax assets	204,000	158,000
Net deferred taxes	$ 36,000	$ -

Significant components of the provision (benefit) for income taxes for the fiscal years ended June 30 are as follows:

	Years Ended June 30, 1996	1995	1994
Current:			
Federal	$ -	$ -	$(140,000)
State	900	900	(25,000)
Tax benefits allocated to contributed capital	36,000	-	-
Total current	36,900	900	(165,000)
Deferred:			
Federal	(33,000)	-	-
State	(3,000)	-	-

Total deferred	(36,000)	-	-
	$ 900	$ 900	$(165,000)

The reconciliation of income tax computed at the U.S. federal statutory tax rate to income tax expense (benefit) for the years ended June 30 is:

	Years Ended June 30,		
	1996	1995	1994
Tax at federal statutory rate. . . .	34.0%	(34.0)%	(34.0)%
Increase (reduction) in computed tax rate resulting from:			
State income tax, net of federal effect	3.2	(3.5)	(3.5)
Valuation allowance	(14.9)	20.0	28.5
Nondeductible expenses applicable to R & D tax credit	-	12.1	.8
Federal income tax credits generated.	(20.9)	-	-
Statutory tax disallowance of entertainment expenses	.8	3.4	.1
Nondeductible life insurance premiums	.3	.8	.1
Utilization of capital loss carryforward	(2.1)	-	-
Nondeductible intangible asset amortization and other	(.1)	2.0	.2
Income taxed at other than the statutory rate	-	-	(3.8)
	0.3%	0.8%	(11.6)%

At June 30, 1996, for income tax purposes the Company had net operating loss and research and development tax credit carryforwards of approximately $1,034,000 and $234,000, respectively, that expire in 2010.

12. STOCK OPTIONS

The Company's 1990 Incentive Plan has shares of common stock available to employees and directors. On August 7, 1996, the Board of Directors approved an increase in the number of shares available under the Plan from 700,000 to 1.5 million. Provisions of the Plan include the granting of stock options. Changes in the number of stock options granted under the Plan are as follows:

	Shares	Price Range Per Share
Year ended June 30,		
1996:		
Granted	140,000	$0.84
Exercised	207,000	$0.69
Expired and canceled.	(23,000)	$0.69 to $0.84
Outstanding	400,000	$0.69 to $1.81
Exercisable	209,500	$0.69 to $1.81
1995:		
Granted	25,000	$0.81
Exercised	-	-
Expired and canceled.	(11,000)	$0.69 to $0.88
Outstanding	490,000	$0.69 to $1.81
Exercisable	396,500	$0.69 to $1.81
1994:		
Granted	60,000	$1.81
Exercised	(23,500)	$0.69 to $1.00
Expired and canceled.	(153,000)	$0.69 to $1.81
Outstanding	476,000	$0.69 to $1.81
Exercisable	332,000	$0.69 to $1.81

On June 30, 1993, the Company registered with the Securities and

Exchange Commission all shares of common stock previously issued or issuable under the Plan.

13. WARRANTS

During 1991, the Company filed a registration statement with the Securities and Exchange Commission in connection with a secondary public offering of 1,437,500 units. Each unit consisted of three shares of common stock and two redeemable common stock purchase warrants. As of June 30, 1996, there were 2,874,025 warrants outstanding. No warrants were exercised during fiscal 1996 or 1995, and 975 were exercised during fiscal 1994.

Each warrant entitles the registered holder to purchase one share of the Company's common stock at an exercise price of $1.50. On August 7, 1996, the Board of Directors extended the expiration date of the warrants to September 22, 1997. Previously, the warrants were due to expire September 22, 1996. The warrants are redeemable by the Company on 30 days prior written notice at a redemption price of $.05 per warrant if the NASDAQ closing bid price of the common stock equals or exceeds $2.50 per share for any 30 consecutive trading days ending within 15 days of the redemption notice.

The Company also granted the underwriter an option to purchase a total of 125,000 units at $3.60 per unit, each unit consisting of three shares of common stock and warrants to purchase shares of common stock. The option expires September 22, 1997. On exercise of all or a portion of the option, these particular warrants would carry an exercise price of $3.60 per share of common stock, would not be redeemable, and would expire on September 22, 1997.

14. INTERNATIONAL SALES

The Company operates substantially in one business segment and product area - electronic audio processing and conferencing communications equipment - which is sold in the Broadcast, Audioconferencing, and Professional Audio markets. These products are all marketed, distributed from, designed, and manufactured at the Company's facilities in Salt Lake City.

The Company ships products to unaffiliated distributors in worldwide markets. In fiscal 1996, 1995, and 1994, respectively, such international sales were $1,454,000, $1,420,000, and $1,189,000, and accounted for 13%, 13%, and 14% of total sales. During those years the Company shipped the following amounts, respectively, to the following areas: Canada - $357,900, 341,900, and $272,800; Asia - $519,900, $579,800, and $355,390; Europe - $361,000, $197,900, and $227,720; Latin America - $31,300, $78,800, and $115,500; Other areas - $183,900, 221,600, and $217,590.

15. RETIREMENT SAVINGS AND PROFIT SHARING PLAN

The Company has a 401(k) retirement savings and profit sharing plan in which it makes discretionary matching contributions, as authorized by the Board of Directors. All full-time employees who are at least 21 years of age and have a minimum of six months of service with the company at the plan date are eligible to participate in the plan. Matching contributions, if made, are based upon amounts participating employees contribute to the plan. The Company's retirement plan contributions for the 1996, 1995, and 1994 fiscal years totaled $16,148, $10,375, and $10,851, respectively.

16. AUDISK PRODUCT LINE

In 1992, the Company acquired all products, product rights, and related technology of MacroMedia, Inc. ("MacroMedia") of Northfield, Minnesota. These assets were collectively represented by a product line known as Audisk, a digital audio storage system used in AM and FM radio systems. The transaction also included the execution of a four-year employment agreement with the president of MacroMedia, which provided for 2% royalty payments based on certain Audisk sales.

During fiscal 1994, the Company sold its Audisk product line and, as a result, wrote off certain capitalized amounts included in accounts receivable, inventory, and other assets. Furthermore, the Company incurred certain expenses associated with terminating the aforementioned employment agreement. Accordingly, the Company wrote off $754,424, representing the aggregate amount of these costs.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The following individuals are currently directors of the Company:

Name	Age	Principal Occupation	Since
Russell D. Gentner	41	Chairman of the Board of Directors, Chief Executive Officer, and President	1985
Edward Dallin Bagley*	58	Attorney	1994
Brad R. Baldwin	41	President and Chief Executive Officer of Bank One, Utah	1988
Edward N. Bagley*	84	Vice President of Smith Barney and Chairman of the Board of Mining Services International	1993
Dwight H. Egan	43	President and Chief Executive Officer of Broadcast International, Inc.	1994
K. Bradford Romney	40	President and Chief Executive Officer of Dayna Communications, Inc.	1994

* Edward N. Bagley and Edward Dallin Bagley are father and son, respectively.

Russell D. Gentner is Chairman of the Board of Directors, Chief Executive officer, and President of the Company. Mr. Gentner has served in the positions of Chairman and Chief Executive officer since 1985, when the Company merged with its predecessor, Gentner Engineering Company, Inc. ("GEC"). GEC was founded by Mr. Gentner in 1981, and he served as its Chairman, Chief Executive Officer, and President from its inception until its merger with the Company. Mr. Gentner has served as President of the Company from 1985 to 1990 and from April 1994 to the present. Mr. Gentner earned his Bachelor of Science degree in Electrical Engineering in 1977 from the University of Utah and a Master of Business Administration degree from the University of Utah in 1990.

Edward Dallin Bagley has been a Director of the Company since April 1994. Previously, Mr. Bagley served as a Director of the Company from April 1987 to July 1991. Mr. Bagley began practicing law in 1965. He later founded Bagley Securities, Inc., a stock brokerage firm located in Salt Lake City, Utah. During the past five years, Mr. Bagley has served as vice president of National Financial, a computer back-up accounting firm for health clubs. Mr. Bagley is also currently a director of Mining Services International, a publicly held developer of explosives technology and supplier of chemicals to the mining industry located in Salt Lake City, Utah, and Tunex International, a chain of automotive engine performance and service centers. Mr. Bagley received a Juris Doctorate in 1965 from the University of Utah College of Law.

Brad R. Baldwin has been a Director of the Company since September 1988. Since October 1, 1994, Mr. Baldwin has served as President and Chief Executive officer of Bank One, Utah, a commercial bank headquartered in Salt Lake City, Utah. Mr. Baldwin served as Senior Vice President and General Counsel of Bank One from 1988 until his appointment as President and CEO. From 1981 to 1988, Mr. Baldwin was engaged in the general practice of law at the firm of Biele, Haslam & Hatch in Salt Lake City, Utah. Mr. Baldwin received a Juris Doctorate in 1980 from the University of Washington.

Edward N. Bagley has been a director of the Company since January 1993. Mr. Bagley is currently Vice President of Smith Barney, with whom he has been associated since 1971. Mr. Bagley has worked in the investment industry since 1934. Mr. Bagley is also Chairman of the Board of Directors of Mining Services International. He received a bachelors degree from Utah State University in 1933.

Dwight H. Egan has been a director of the Company since November 1994. Mr. Egan is currently the President, Chief Executive Officer, and a director of Broadcast International, Inc., a satellite communications and business information company located in Salt Lake City, Utah. He is also currently a director of Data Broadcasting Corp., the parent of Broadcast International, Inc. Mr. Egan has served as an officer and director of Broadcast International since November 1985.

K. Bradford Romney has been a Director of the Company since November 1994. Since 1991, Mr. Romney has been the President and Chief Executive officer of Dayna Communications, Inc., a computer networking company based in Salt Lake City, Utah. He has been a director of Dayna since 1990. He served as Executive Vice President of Dayna upon joining the company in 1986 until his appointment as President and Chief Executive Officer. From 1982 to 1986, Mr. Romney was Executive Vice President of Keith Romney & Associates. Mr. Romney is also a director of EFI Electronics, Inc. Mr. Romney received a Juris Doctorate and a Master of Business Administration degree from Brigham Young University in 1982.

Board of Director Information and Committees

All directors serve until their successors are elected and have qualified. The Company currently pays each outside director $650 per month for services provided as a director. Inside directors receive no additional compensation for serving on the Board. officers are elected to serve, subject to the discretion of the Board, until their successors are appointed.

The Board of Directors has three committees, the Executive, Audit, and Compensation Committees. The Executive Committee is composed of Mr. Russell D. Gentner and has one vacancy. The Audit Committee is currently composed of Mr. Brad R. Baldwin, Mr. Edward Dallin Bagley, and Mr. K. Bradford Romney. The Compensation Committee is currently composed of Mr. Brad R. Baldwin, Mr. Edward Dallin Bagley, and Mr. Dwight H. Egan. The Executive Committee exercises all the powers and authority of the Board of Directors in the management of the business and affairs of the Company except those which by statute, Certificate of Incorporation or By-laws are reserved to the Board of Directors. The Audit Committee is authorized to review proposals of the Company's auditors regarding annual audits, recommend the engagement or discharge of the Company's auditors, review recommendations of such auditors concerning accounting principles and the adequacy of internal controls and accounting procedures and practices, to review the scope of the annual audit, to approve or disapprove each professional service or type of service other than standard auditing services to be provided by the auditors, and to review and discuss the audited financial statements with the auditors. The Compensation Committee makes recommendations to the Board of Directors regarding remuneration of the executive officers and directors of the Company and administers the 1990 Incentive Plan for directors, officers, and key employees.

Meetings of the Board of Directors and Committees

The Board of Directors held seven meetings during the last fiscal year. The Executive Committee held no formal meetings during the last fiscal year. The Audit Committee held one meeting during the last fiscal year. The

Compensation Committee held one meeting during the last fiscal year.

Executive Officers

The executive officers of the Company are as follows:

NAME	AGE	POSITION
Russell D. Gentner	41	Chairman, President and Chief Executive Officer
Keldon A. Paxman	36	Vice President and Chief Operating Officer
David L. Harmon	39	Vice President and Chief Financial Officer
Frances M. Flood	40	Vice President of Sales and Marketing

For the biography of Mr. Gentner, see "Directors."

Keldon A. Paxman became Chief Operating Officer of the Company in 1996. He has been Vice President of Engineering of the Company since 1995. He has been with the Company since 1985, working initially in product testing, product design, and technical customer service management. Beginning in 1990, he was Director of Manufacturing and in 1994 became Director of Engineering, where he coordinated new product development. He oversees all of the Company's operational and research and product development activities. Prior to joining Gentner, Mr. Paxman worked as a Technical Specialist for National Semiconductor. He received an Associate of Applied Science degree in Electronic Technology from Utah Technical College in 1983, and a Bachelor of Science degree in Business Administration from the University of Phoenix in 1994.

David L. Harmon was elected Vice President and Chief Financial officer of the Company in April 1994. From 1990 until his appointment as Chief Financial Officer, Mr. Harmon was the Company's Controller. He is responsible for all of the Company's accounting, tax planning, financial and management reporting, and SEC filings. He is a certified public accountant, having spent eight years in public accounting before joining Gentner. While a practicing CPA, Mr. Harmon specialized in audits and financial reporting of public companies, and was involved in tax return preparation for several types of businesses. He graduated from the University of Utah with a Bachelor of Science degree in Accounting.

Frances M. Flood will be the Vice President of Sales and Marketing effective October 10, 1996. Before joining the Company she was an Area Director of Sales and Marketing for Ernst & Young, LLP, an international accounting and consulting firm. While there she assisted in the marketing efforts of eighty partners and principals across a variety of industries in six locations. Before that she was the founder of an international sales and marketing consulting firm focusing on change management, product development, training, database marketing, leveraging, technology, and sales culture creation.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes of ownership of equity securities of the Company. Officers, directors and greater than 10% shareholders are required to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, all section 16(a) requirements applicable to the persons as defined above during the preceding fiscal year were complied with.

ITEM 10. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION

The following table sets forth the compensation of the Chief Executive Officer of the Company and the other most highly compensated executive officers of the Company for each of the Company's last three fiscal years whose total salary and bonus for the year ended June 30, 1996 exceeded $100,000, for services rendered in all capacities to the Company during such fiscal years.

SUMMARY COMPENSATION TABLE

Name and Position	Year	Annual Compensation Salary	Bonus	Other Annual Compensation
Russell D. Gentner Chairman, CEO, President	Fiscal 95-96	$156,756	None	None
	Fiscal 94-95	$150,000	None	None
William H. Gillman (former V.P. of Operations)	Fiscal 95-96	$102,000	None	None
	Fiscal 94-95	$100,000	None	None

Long Term Compensation

Name and Position	Stock Year	Restricted Options Awards	LTIP /SARS	Payouts	All Other Compen-sation*
Russell D. Gentner Chairman, CEO President	Fiscal 95-96	None	None	None	$890
	Fiscal 94-95	None	None	None	$890
William H. Gillman (former V.P. of Operations)	Fiscal 95-96	None	None	None	$538
	Fiscal 94-95	None	None	None	None

* These amounts reflect the Company's contributions to the deferred compensation plan (401(k) plan).

STOCK OPTIONS/SARS

The following table sets forth the stock option and SAR grants to the named executive officers in the last fiscal year:

OPTION/SAR GRANTS IN FISCAL YEAR ENDED JUNE 30, 1996
(INDIVIDUAL GRANTS)

Name and Position	Options/SARs Granted (#)	Percent of total options/ SARs granted to employees in fiscal year	Exercise or base price ($/share)	Expir-ation Date
Russell D. Gentner Chairman, CEO President	--	--	--	--
William H. Gillman (former V.P. of	10,000	7%	$0.84	6/30/03

Operations)

AGGREGATED STOCK OPTION/SAR EXERCISES

The following table sets forth the aggregated stock options and SARs exercised by the named executive officers in the last fiscal year and the year-end value of unexercised options and SARs:

AGGREGATED OPTION/SAR EXERCISES IN FISCAL YEAR ENDED JUNE 30, 1996
AND FISCAL YEAR-END OPTION/SAR VALUES

Name and Position	Shares acquired on exercise (#) exercisable/ unexercisable	Value realized ($)	Number of unexercised options/SARs at FY-end (#) exercisable/ unexercisable	Value of unexercised in-the-money options/SARs at FY-end ($) exercisable/ unexercisable
Russell D. Gentner Chairman CEO President	0	--	90,000/40,000	$11,250/$5,000
William H. Gillman (former V.P. of Operations)	0	--	17,500/7,500	$2,187/$938

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding ownership of the Common Stock of the Company as of June 30, 1996 by (i) each person known to the Company to be the beneficial owner of more than 5% of the outstanding Common Stock of the Company, (ii) each director of the Company, (iii) the Chief Executive Officer and each other executive officer of the Company as of June 30, 1996 whose salary and bonus for the year ended June 30, 1996 exceeded $100,000, and (iv) all executive officers and directors of the Company as a group. Each person has sole investment and voting power with respect to the shares indicated, subject to community property laws where applicable, except as otherwise indicated below.

Names of Beneficial Owners	Amount of Beneficial Ownership	Percentage of Class
Russell D. Gentner	726,128(1)	9.3%
Edward Dallin Bagley	423,707(2)	5.5%
Brad R. Baldwin	91,666(3)	1.2%
Edward N. Bagley	274,833(4)	3.6%
Dwight H. Egan	17,500(5)	0.2%
K. Bradford Romney, Jr.	17,500(5)	0.2%
William H. Gillman	180,119(6)	2.3%
Directors and Executive Officers as a Group (8 persons)	1,754,453(1)(2)(3)(4)(5)(6)(7)	22.2%

(1) Includes: 595,928 shares owned directly; options to purchase 130,000 shares that are exercisable within 60 days; and 200 shares owned by Mr. Gentner's wife. Excludes: options to purchase 100,000 shares that are not exercisable within 60 days.

(2) Includes: 306,157 shares owned directly; 100,000 shares owned by a corporation controlled by Mr. Bagley; 50 shares owned by Mr. Bagley's wife as custodian for one of Mr. Bagley's daughters; and options to purchase 17,500 shares that are exercisable within 60 days. Excludes: 50 shares owned by another of Mr. Bagley's daughters; shares owned by the Bagley Family Revocable Trust, all of which Mr. Bagley disclaims beneficial ownership; and options to purchase 12,500 shares that are not exercisable within 60 days.

(3) Includes: 54,666 shares owned directly; options to purchase 30,000 shares that are exercisable within 60 days; 5,000 shares owned by Mr. Baldwin's wife; and warrants to purchase 2,000 shares that are currently exercisable. Excludes: options to purchase 5,000 shares that are not

exercisable within 60 days.

(4) Includes: 257,333 shares owned by the Bagley Family Revocable Trust, of which Mr. Bagley is a co-trustee with his wife; and options to purchase 17,500 shares that are exercisable within 60 days. Excludes: shares held or controlled by Mr. Bagley's son (Edward Dallin Bagley) and granddaughters as described in footnote 2 above, all of which Mr. Edward N. Bagley disclaims beneficial ownership; and options to purchase 12,500 shares that are not exercisable within 60 days.

(5) Includes: options to acquire 17,500 shares that are exercisable within 60 days. Excludes: options to acquire 12,500 shares that are not exercisable within 60 days.

(6) Includes: 162,619 shares owned directly and options to purchase 17,500 shares that are exercisable within 60 days. Excludes: options to purchase 7,500 shares that are not exercisable within 60 days.

(7) Includes: 1,000 shares owned directly and options to acquire 22,000 shares by two other officers that are exercisable within 60 days. Excludes: options to acquire 128,000 shares by those officers that are not exercisable within 60 days.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Gentner Research Ltd. ("GRL"), is a related limited partnership, formed in August 1985, in which the Company is the general partner and Russell Gentner, Edward Dallin Bagley and, among other unrelated parties, certain members of their families, are the limited partners. In 1987 and 1988, GRL sold to the Company proprietary interests in the VRC-1000 (now VRC-2000), VRC-1000 Modem (now VRC-2000), and Digital Hybrid in exchange for royalty payments. Royalty expense with GRL for the years ending June 30, 1996 and 1995 was $29,400 and $17,900 respectively. The following directors and/or executive officers and members of their immediate families have purchased the following interests in GRL:

Russell D. Gentner (Pres/CEO/Director)	5.21%
Edward Dallin Bagley (Director)	10.42%
Edward N. Bagley (Director)	5.21%
Hyrum S. Gentner (father of Russell Gentner)	5.21%
Robert O. Baldwin (father of Brad Baldwin)	10.42%

The Company has also formed a second related limited partnership, Gentner Research II, Ltd. ("GR2L"), also in which it acts as general partner. New products have begun final testing and, once shipments begin, the Company intends to enter into royalty agreements similar to those entered into with GRL. GR2L has received approximately $150,000 in investment capital. The following directors and/or executive officers and members of their immediate families have purchased the following interests in GR2L:

William H. Gillman (former Officer)	6.39%
Brad R. Baldwin (Director)	3.19%
Robert O. Baldwin (father of Brad Baldwin)	9.58%
Hyrum S. Gentner (father of Russell Gentner)	3.19%
Edward D. Bagley (Director	6.39%
Edward N. Bagley (Father of Edward D. Bagley)	6.39%

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-B.

The following exhibits are hereby incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989. The exhibit numbers shown are those in the 1989 Form 10-K as originally filed.

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation and all amendments thereto through

March 1, 1988.

10.4 VRC-1000 Purchase Agreement between Gentner Engineering Company, Inc. (a former subsidiary of the Company which was merged into the Company) and Gentner Research Ltd., dated January 1, 1987.

10.6 Commercial Lease between the Company and Dell S. Nichols, dated January 15, 1988.

10.8 Form of Split-Dollar Insurance Agreement.

The following exhibit is hereby incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1990. The exhibit number shown is the one in the 1990 Form 10-K as originally filed.

EXHIBIT NUMBER	DESCRIPTION
10.1	Dealer Agreement between the Company and Allied Broadcast Equipment, dated January 19, 1990.

The following exhibits are hereby incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991. The exhibit numbers shown are those in the 1991 Form 10-K as originally filed.

EXHIBIT NUMBER	DESCRIPTION
3.1	Amendment to Articles of Incorporation, dated July 1, 1991.
10.1	Internal Modem Purchase Agreement between Gentner Engineering Company, Inc. and Gentner Research, Ltd., dated October 12, 1987.
10.2	Digital Hybrid Purchase Agreement between Gentner Engineering, Inc. and Gentner Research, Ltd., dated September 8, 1988.

The following exhibits are hereby incorporated by reference from the Company's Form 10-K for the fiscal year ended June 30, 1992. The exhibit numbers shown are those in the 1992 Form 10-K as originally filed.

EXHIBIT NUMBER	DESCRIPTION
10.1	Revolving Credit Agreement with West One Bank, dated December 5, 1991.
10.2	Asset Purchase Agreement with MacroMedia, Inc., dated March 16, 1992.

The following documents are hereby incorporated by reference from the Company's Form 10-KSB for the fiscal year ended June 30, 1993. The exhibit numbers shown are those in the 1993 Form 10-KSB as originally filed.

EXHIBIT NUMBER	DESCRIPTION
3	Bylaws, as amended on August 24, 1993.

The following documents are hereby incorporated by reference from the Company's Form 10-KSB for the fiscal year ended June 30, 1994. The exhibit numbers shown are those in the 1994 Form 10-KSB as originally filed.

EXHIBIT NUMBER	DESCRIPTION
10.1	Business Loan Agreement, as amended, and Promissory Note with West One Bank, dated October 29, 1993.

The following documents are filed as exhibits to this Form 10-KSB/A.

EXHIBIT NUMBER	DESCRIPTION
10	1990 Incentive Plan, as amended August 7, 1996
23	Consent of Ernst & Young LLP, Independent Auditors
27	Financial Data Schedule

REPORTS ON FORM 8-K

The Company filed a Form 8-K, dated August 7, 1996, that reported the Board of Directors of the Company had extended the exercise date of the Company's outstanding warrants for one year from September 22, 1996 to September 22, 1997.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Company caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENTNER COMMUNICATIONS CORPORATION

September 30, 1996

By: /s/ Russell D. Gentner
Russell D. Gentner
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Russell D. Gentner Russell D. Gentner	Director, Chairman of the Board of Directors, and Chief Executive Officer (Principal Executive Officer)	September 30, 1996
/s/ David L. Harmon David L. Harmon	Chief Financial Officer (Principal Financial and Accounting Officer)	September 30, 1996

POWER OF ATTORNEY

Know all men by these presents, that each person whose signature appears below constitutes and appoints each of Russell D. Gentner and David L. Harmon, jointly and severally, his true and lawful attorney in fact and agent, with full power of substitution for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this report on Form 10-KSB and to file the same, with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorney in fact or his substitute or substitutes may do or cause to be done by virtue hereof.

Signature	Title	Date

/s/ Edward Dallin Bagley - ------------------------------ Edward Dallin Bagley	Director	September 30, 1996
/s/ Brad R. Baldwin - ------------------------------ Brad R. Baldwin	Director	September 30, 1996
/s/ Edward N. Bagley - ------------------------------ Edward N. Bagley	Director	September 30, 1996
/s/ K. Bradford Romney - ------------------------------ K. Bradford Romney	Director	September 30, 1996
/s/ Dwight H. Egan - ------------------------------ Dwight H. Egan	Director	September 30, 1996

Gentner Communications Corporation

1990 INCENTIVE PLAN
AMENDMENT NO. 1

Effective Date: July 1, 1990
Expiration Date: June 30, 2010

1. Purpose

The purpose of the 1990 Incentive Plan of Gentner Communications Corporation (hereafter the "Company") is to attract and retain persons of ability as employees of the Company and of its subsidiaries, to motivate and reward good performance, to encourage such employees to continue to exert their best efforts on behalf of the Company and its subsidiaries, and to provide further opportunities for stock ownership by such employees. Incentive awards under the Plan may consist of (i) common stock of the Company, (ii) other shares of stock of the Company convertible into such common stock, subject to such restrictions as the Committee (as defined below) may determine or as provided herein, (iii) performance units or stock appreciation rights payable in such stock or cash, (iv) non-qualified stock options to purchase such stock, or (v) any combination of the foregoing, together with supplemental cash payments, all as the Committee may determine.

2. Definitions

When used herein, the following terms shall have the following meanings:

"Award" means an award granted to any Key Employee in accordance with the provisions of the Plan in the form of Options, SARS, Restricted Stock, or Performance Units, or any combination of the foregoing.

"Award Agreement" means the written agreement evidencing each Award granted to a Key Employee under the Plan.

"Beneficiary" means the beneficiary or beneficiaries designated pursuant to Section 10 to receive the amount, if any, payable under the Plan upon the death of a Key Employee.

"Board" means the Board of Directors of the Company.

"Change in Control" means the happening of any of the following:

(a) by the Company of a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "1934 Act") disclosing that any person, group, corporation or other entity (other than the Company or a wholly-owned subsidiary of the Company) is the beneficial owner, directly or indirectly, of 20 percent or more of the outstanding stock of the Company;

(b) purchase by any person (as defined in Section 13(d) of the 1934 Act), corporation, or other entity, other than the Company or a wholly-owned subsidiary of the Company, of shares pursuant to a tender or exchange offer to acquire any stock of the Company or securities convertible into stock) for cash, securities, or any other consideration; provided that, after consummation of the offer, such person, group, corporation, or other entity is the beneficial owner (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 20 percent or more of the outstanding stock (calculated as provided in paragraph (d) of Rule 13d-3 under the 1934 Act in the case of rights to acquire stock);

(c) approval by the stockholders of the Company of any (i) consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of stock of the Company would be converted into cash, securities or other property, other than a consolidation or merger of the Company in which holders of its common stock immediately prior to the consolidation or merger have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the consolidation or merger as immediately before, or (ii) sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; or

(d) a change in the majority of the members of the Board of Directors within a 12-month period unless the election or nomination for election by Company's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 12-month period.

"Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.

"Committee" means the Committee appointed by the Board pursuant to Section 11.

"Company" means Gentner Communications Corporation and its successors and assigns.

"Fair Market Value" means, as of any date, the closing price based upon composite transactions on the national stock exchanges for one share of Stock on the exchanges (the closing bid price, if listed on NASDAQ) or, if no sales of Stock have taken place on such date, the closing price on the most recent date on which selling prices were quoted; provided, however, that at the time of grant of any Award other than an incentive stock option, the Committee, in its sole discretion, may elect to determine Fair Market Value for all purposes under the Plan with respect to such Award, based on the average of the closing prices (the closing bid price, if on NASDAQ), as of the date of determination of the Award and a period of up to 9 trading days immediately preceding such date.

"Key Employee" means an officer or other key employee of any Participating Company who, in the judgment of the Committee, is responsible for or contributes to the management, growth or profitability of the business of any Participating Company.

"Option" means an option to purchase Stock, including Restricted Stock, if the Committee so determines, subject to the applicable provisions of Section 5 and awarded in accordance with the terms of the Plan. All Options granted under the Plan shall be non-qualified options under the Code.

"Participating Company" means the Company or any subsidiary or other affiliate of the Company.

"Performance Unit" means a performance unit subject to the requirements of Section 6 and awarded in accordance with the terms of the Plan.

"Plan" means the Company's 1990 Incentive Plan, as the same may be amended, administered or interpreted from time to time.

"Restricted Stock" means Stock delivered under the Plan subject to the requirements of Section 7 and such other restrictions as the Committee deems appropriate or desirable.

"SAR" means a "stock appreciation right" subject to the appropriate requirements under Section 5 and awarded in accordance with the terms of the Plan.

"Stock" means the common stock ($0.001 par value) of the Company.

"Total Disability" means the complete and permanent inability of a Key Employee to perform all of his or her duties under the terms of his or her employment with any Participating Company, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

3. Shares Subject to the Plan

The aggregate number of shares of Stock which may be awarded under the Plan or subject to purchase by exercising an Option shall not exceed one million five hundred thousand (1,500,000) shares. Such shares shall be made available either from authorized and unissued shares or shares held by the Company in its treasury. The Committee may, in its discretion, decide to award other shares issued by the Company that are convertible into Stock or make such shares subject to purchase by an Option, in which event the maximum number of shares of Stock into which such stock may be converted shall be used in applying the aggregate share limit under this Section 3 and all provisions of the Plan relating to Stock shall apply with full force and effect with respect to such convertible shares. If, for any reason, any shares of Stock awarded or subject to purchase by exercising an Option under the Plan are not delivered or are required by the Company, for reasons including, but not limited to, a forfeiture of Restricted Stock or termination, expiration or a cancellation with the consent of a Key Employee of an Option, SAR, or a Performance Unit, such shares of Stock shall again become available for award under the Plan.

4. Grant of Awards and Award Agreements

(a) Subject to the provisions of the Plan, the Committee shall (i) determine and designate from time to time those Key Employees or groups of Key Employees to whom Awards are to be granted; (ii) determine the form or forms of Award to be granted to any Key Employee; (iii) determine the amount or number of shares of Stock, including Restricted Stock, subject to each Award; (iv) determine the terms and conditions of each Award; (v) determine whether and to what extent Key Employees shall be allowed or required to defer receipt of any Awards or other amounts payable under the Plan to the occurrence of a specified date or event; provided, however, that no Award shall be granted after the expiration of ten years from the effective date of the Plan.

(b) Each Award granted under the Plan shall be evidenced by a written Award Agreement in a form approved by the Committee. Such agreement shall be subject to and incorporate the express terms and conditions, if any, required under the Plan or as required by the Committee for the form of Award granted and such other terms and conditions as the Committee may specify.

5. Stock Options and Stock Appreciation Rights

(a) With respect to options and SARS, the Committee shall (i) authorize the granting of nonqualified stock options and SARs or any combination of nonqualified stock options and SARS; (ii) determine the number of shares of Stock subject to each Option or the number of shares of Stock that shall be used to determine the value of a SAR; (iii) determine whether such Stock shall be Restricted Stock; (iv) determine the time or times when and the manner in which each Option shall be exercisable and the duration of the exercise period; and (v) determine whether or not all or part of each option may be canceled by the exercise of a SAR.

(b) The exercise period for an Option shall be such period of time as the Committee shall determine in its discretion.

(c) The Option or SAR price per share shall be determined by the Committee at the time any Option is granted, disregarding any restrictions in the case of Restricted Stock, on the date the Option is granted, as determined by the Committee; provided, however, that such price shall be at least equal to the par value of one share of Stock.

(d) No part of any Option or SAR may be exercised until (i) the Key Employee who has been granted the Award shall have remained in the employ of a Participating Company for such period, if any, after the date on which the Option or SAR is granted, or (ii) achievement of such performance or other criteria, if any, by the Key Employee, the Company, or any subsidiary, affiliate or division of the Company; provided, however, the period during which a SAR is exercisable shall commence no earlier than six months following the date the Option or SAR is granted.

(e) The purchase price of the shares as to which an Option shall be exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Committee deems appropriate, including Stock already owned by the optionee, having a total fair market value, as determined by the Committee, equal to the purchase price, or a combination of cash and such other consideration having a total fair market value, as so determined, equal to the purchase price; provided, however, that if payment of the exercise price is made in whole or in part in the form of Restricted Stock, the Stock received upon the exercise of the Option shall be Restricted Stock up to the number of shares and subject to the same restrictions or other limitations as the Restricted Stock paid on the exercise of the Option. The remaining shares of Stock so issued upon exercise of the Option shall not be so restricted.

(f) (i) If a Key Employee who has been granted an option or SAR dies (A) while an employee of any Participating Company or (B) within three months after termination of his or her employment with all Participating Companies because of his or her Total Disability, his or her Options or SARs may be exercised, to the extent that the Key Employee shall have been entitled to do so on the date of his or her death or such termination of employment, by the person or persons to whom the Key Employee's rights under the Option or SAR pass by will, or if no such person has such right, by his or her executors or administrators, at any time, or from time to time, within twelve months after the date of the Key Employee's death or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 5(b) above.

(ii) If the Key Employee's employment by any Participating Company terminates because of his or her Total Disability and such Key Employee has not died within the following three months, he or she may exercise his or her Options or SARS, to the extent that he or she shall have been entitled to do so at the date of the termination of his or her employment, at any time, or from time to time, within twelve months after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 5(b) above.

(iii) If the Key Employee's employment terminates for any other reason (including retirement), he or she may exercise his or her Options or SARs to the extent that he or she shall have been entitled to do so at the date of the termination of his or her employment, at any time, or from time to time, within six months after the date of the termination of his or her employment or within such other period, and subject to such terms and conditions as the Committee may specify, but not later than the expiration date specified in Section 5(b) above.

(g) No Option or SAR granted under the Plan shall be transferable other than by will or by the laws of descent and distribution. During the lifetime of the optionee, an option shall be exercisable only by him or her.

(h) Upon exercise of a SAR, the Key Employee shall be entitled, subject to such terms and conditions as the Committee may specify, to receive upon exercise thereof all or a portion of the excess of (i) the Fair Market Value of a specified number of shares of Stock at the time of exercise, as determined by the Committee, over (ii) a specified amount which shall not, subject to Section 5(i), be less than the Fair Market Value of such specified number of shares of Stock at the time the SAR is granted. Upon exercise of a SAR, payment of such excess shall be made as the Committee shall specify at the time of the grant of the SAR or otherwise (A) in cash, (B) through the issuance or transfer to the Key Employee of whole shares of Stock, including

Restricted Stock, with a Fair Market Value, disregarding any restrictions in the case of Restricted Stock, at such time equal to any such excess, or (C) a combination of cash and shares of Stock with a combined fair market value at such time equal to any such excess, all as determined by the Committee; provided, however, a fractional share of Stock shall be paid in cash equal to the Fair Market Value of the fractional share of Stock, disregarding any restrictions in the case of Restricted Stock, at such time. If the full amount of such value is not paid in Stock, then the shares of Stock representing such portion of the value of the SAR not paid in Stock shall again become available for award under the Plan.

(i) If the Award granted to a Key Employee allows the Key Employee to elect to cancel all or any portion of an unexercised Option by exercising a related SAR, then the Option price per share of Stock shall be used as the specified price in Section 5(h) to determine the value of the SAR upon such exercise, and, in the event of the exercise of such SAR, the Company's obligation in respect of such option or such portion thereof will be discharged by payment of the SAR so exercised. In the event of such a cancellation, the number of shares as to which such Option was canceled shall become available for use under the Plan, less the number of shares received by the optionee upon such cancellation. Any such SAR shall be transferable only by will or by the laws of descent and distribution. During the lifetime of the optionee, such SAR shall be exercisable only by him or her.

6. Performance Units

(a) The Committee shall determine a performance period (the "Performance Period") of one or more years and shall determine the performance objectives for grants of Performance Units. Performance objectives may vary from Key Employee to Key Employee and between groups of Key Employees and shall be based upon such performance criteria or combination of factors as the Committee may deem appropriate, including, but not limited to, minimum earnings per share or return on equity. Performance Periods may overlap and Key Employees may participate simultaneously with respect to Performance Units for which different Performance Periods are prescribed.

(b) At the beginning of a Performance Period, the Committee shall determine, for each Key Employee or group of Key Employees eligible for Performance Units with respect to that Performance Period, the range of dollar values, if any, which may be fixed or may vary in accordance with such performance or other criteria specified by the Committee, and which shall be paid to a Key Employee as an Award, if the relevant measure of Company performance for the Performance Period is met.

(c) If, during the course of a Performance Period, there shall occur significant events as determined by the Committee, including, but not limited to, a reorganization of the Company, which the Committee expects to have a substantial effect on a performance objective during such period, the Committee may revise such objective.

(d) If a Key Employee terminates service with all Participating Companies during a Performance Period because of death, Total Disability, retirement on or after age 65 (or at an earlier age with the consent of the Company), or a significant event, as determined by the Committee, that Key Employee shall be entitled to payment in settlement of each Performance Unit for which the Performance Period was prescribed (i) based upon the performance objectives satisfied at the end of such period and (ii) prorated for the portion of the Performance Period during which the Key Employee was employed by any Participating Company; provided, however, that the Committee may provide for an earlier payment in settlement of such Performance Unit in such amount and under such terms and conditions as the Committee deems appropriate or desirable with the consent of the Key Employee. If a Key Employee terminates service with all Participating Companies during a Performance Period for any other reason, then such Key Employee shall not be entitled to any payment with respect to that

Performance Period unless the Committee shall otherwise determine.

(e) Each Performance Unit may be paid in whole shares of Stock, including Restricted Stock (together with any cash representing fractional shares of Stock), or cash, or a combination of Stock and cash either as a lump sum payment or in annual installments, all as the Committee shall determine at the time of grant of the Performance Unit or otherwise. If and to the extent the full value of a Performance Unit is not paid in Stock, then the shares of Stock representing the portion of the value of the Performance Unit not paid in Stock shall again become available for award under Plan.

7. Restricted Stock

(a) Restricted Stock may be received by a Key Employee as an Award, as the result of an exercise of an Option or SAR, or as payment for a Performance Unit. Restricted Stock shall be subject to a restriction period which shall commence on the date the Award is granted and shall end when the restrictions lapse or upon the achievement of such performance or other criteria as the Committee shall determine (the "Restriction Period"). The Committee may provide for the lapse of restrictions in installments where deemed appropriate.

(b) Except as otherwise provided in this Section 7, no shares of Restricted Stock received by a Key Employee shall be sold, exchanged, transferred, pledged, hypothecated, or otherwise disposed of during the Restriction Period; provided, however, that the Restriction Period for any Key Employee shall expire and all restrictions on shares of Restricted Stock shall lapse upon the Key Employee's death, Total Disability, retirement on or after age 65 (or an earlier age with the consent of the Company) or upon some significant event, as determined by the Committee, including, but not limited to, a reorganization of the Company.

(c) If a Key Employee terminates employment with all Participating Companies for any reason before the expiration, of the Restriction Period, all shares of Restricted Stock that are still subject to restriction shall, unless the Committee otherwise determines, be forfeited by the Key Employee and shall be reacquired by the Company, and, in the case of Restricted Stock purchased through the exercise of an option, the Company shall refund the purchase price paid on the exercise of the Option. Upon such forfeiture, such forfeited shares of Restricted Stock shall again become available for award under the Plan.

(d) The Committee may require under such terms and conditions as it deems appropriate or desirable that the certificates for Stock delivered under the Plan may be held in custody by a bank or other institution, or that the Company may itself hold such shares in custody until the Restriction Period expires or until restrictions thereon otherwise lapse, and may require, as a condition of any receipt of Restricted Stock, that the Key Employee shall have delivered a stock power endorsed in blank relating to the Restricted Stock.

(e) Nothing in this Section 7 shall preclude a Key Employee from exchanging any shares of Restricted Stock subject to the restrictions contained herein for any other shares of Stock that are similarly restricted.

8. Certificates for Awards of Stock

(a) Subject to Section 7(d) above, each Key Employee entitled to receive shares of Stock under the Plan shall be issued a certificate for such shares. Such certificate shall be registered in the name of the Key Employee, and shall bear an appropriate legend reciting the terms, conditions, and restrictions, if any, applicable to such shares.

(b) Any issuance of Stock under the Plan shall be subject to the Company's compliance with any federal or state law or any ruling or regulation of any government body which the Company shall, in its sole discretion, determine to be necessary or advisable.

(c) All certificates for shares of Stock delivered under the Plan shall also be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities laws. The Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(d) Each Key Employee who receives an award of Stock shall have all of the rights of a shareholder with respect to such shares, including the right to vote the shares and receive dividends and other distributions. No Key Employee awarded an Option, a SAR, or a Performance Unit shall have any right as a shareholder with respect to any shares subject to such Award prior to the date of issuance to him or her of a certificate or certificates for such shares.

9. Loans and Supplemental Cash Payments

(a) The Committee may provide for supplemental cash payments or loans to Key Employees at such time and in such manner as the Committee may determine in connection with Awards granted under the Plan; provided, however, that no loan shall be made to any officer, director, or controlling shareholder unless such loan is specifically approved in advance by the shareholders of the Company; and provided further, that, in the case of any loan made to a Key Employee, the Committee shall make a determination that such loan benefits the Company.

(b) Supplemental cash payments shall be subject to such terms and conditions as the Committee may specify; provided, however, that in no event shall the amount of such payments exceed (i) in the case of an Option, the excess of the Fair Market Value of the shares of Stock, disregarding any restrictions in the case of Restricted Stock, purchased upon exercise of the Option on the date of exercise over the option price, or (ii) in the case of an Award of a SAR, Performance Unit, or Restricted Stock, the value of the shares of Stock and other consideration issued in payment of such Award.

(c) In the case of loans, any such loan shall be evidenced by a written loan agreement or other instrument in such form and shall contain such terms and conditions, including, without limitation, provisions for interest, payment schedules, collateral, forgiveness, or events of default or acceleration of such loans or parts thereof, as the Committee shall specify.

10. Beneficiary

(a) Each Key Employee shall file with the Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. A Key Employee may from time to time revoke or change his or her Beneficiary designation without the consent of any prior Beneficiary by filing a new designation without the consent of any prior Beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof shall be effective unless received by the Committee prior to the Key Employee's death and in no event shall it be effective as of a date prior to such receipt.

(b) If no such Beneficiary designation is in effect at the time of a Key Employee's death, or if no designated Beneficiary survives the Key Employee or if such designation conflicts with law, the Key Employee's estate shall be entitled to receive the Award, if any, payable under the Plan upon his or her death. If the Committee is in doubt as to the right of any person to receive such Award, the Company may retain such Award, without liability for any interest thereon, until the Committee determines the rights thereto, or the Company may pay such Award into any court of appropriate jurisdiction and such payment shall constitute a complete discharge of the liability of the Company therefor.

11. Administration of the Plan

(a) The Plan shall be administered by the Committee, as appointed by the Board and serving at the Board's pleasure.

(b) All decisions, determinations or actions of the Committee made or taken pursuant to grants of authority under the Plan shall be made or taken in the sole discretion of the Committee and shall be final, conclusive, and binding on all persons for all purposes.

(c) The Committee shall have full power, discretion and authority to interpret, construe, and administer the Plan and any part thereof, and its interpretations and constructions thereof and actions taken thereunder shall be, except as otherwise determined by the Board, final, conclusive, and binding on all persons for all purposes.

(d) The Committee's decisions and determinations under the Plan need not be uniform and may be made selectively among Key Employees, whether or not such Key Employees are similarly situated.

(e) The Committee shall keep minutes of its actions under the Plan. The act of a majority of the members present at a meeting duly called and held shall be the act of the Committee. Any decision or determination reduced to writing and signed by all members of the Committee shall be fully as effective as if made by unanimous vote at a meeting duly called and held.

(f) The Committee may employ such legal counsel, including, without limitation, independent legal counsel and counsel regularly employed by the Company, consultants, and agents as the Committee may deem appropriate for the administration of the Plan and may rely upon any opinion received from any such counsel or consultant and any computations received from any such consultant or agent. All expenses incurred by the Committee in interpreting and administering the Plan, including, without limitation, meeting fees and expenses and professional fees, shall be paid by the Company.

(g) No member or former member of the Committee or the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Award granted under it. Each member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against all costs or expenses (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with the Plan to the extent allowed by law.

12. Amendment or Discontinuance

The Board may, at any time, amend or terminate the Plan. The Plan may also be amended by the Committee, provided that all such amendments shall be reported to the Board. No amendment or termination shall retroactively impair the rights of any person with respect to an Award. On or after the occurrence of a Change in Control, the Plan may not be amended or terminated until all payments required by Section 14 are made.

13. Adjustments in Event of Change in Common Stock

In the event of (i) any recapitalization, reclassification, split up or consolidation of shares of Stock, (ii) any merger or consolidation of the Company or sale by the Company of all or a portion of its assets, or (iii) any other event which would distort the implementation of the Plan or the realization of its objectives, the Committee may make such appropriate adjustments in the Stock subject to Awards, including Stock subject to purchase by an option, or the terms, conditions, or restrictions on Stock or Awards as the Committee deems equitable:

provided, however, that no such adjustments shall be made on or after the occurrence of a Change in Control without the affected Key Employee's consent.

14. Change in Control

Notwithstanding anything else herein to the contrary, as soon as practicable after the occurrence of a Change in Control, if any, the following shall occur.

(a) All Key Employees may, regardless of whether still an employee of any Participating Company, elect to cancel all or any portion of any option no later than 90 days after the Change in Control, in which event the Company shall pay to such electing Key Employee, an amount in cash equal to the excess, if any, of the Current Market Value (as defined below) of the shares of Stock, including Restricted Stock, subject to the option (or the portion thereof so canceled) over the option price for such shares; provided, however, that no Key Employee shall have the right to elect cancellation unless and until at least 6 months have elapsed after the date of grant of the option; provided further, that, if the Key Employee is no longer an employee of any Participating Company, the Option is exercisable at the time of the Change in Control.

(b) All Performance Periods shall end and the Company shall pay each Key Employee an amount in cash equal to the value of such Key Employee's Performance Units, if any, based upon the Stock's Current Market Value, in full settlement of such Performance Units.

(c) All Restriction Periods shall end and the Company shall pay each key Employee an amount in cash equal to the Current Market Value of the Restricted Stock held by, or on behalf of, each Key Employee in exchange for such Restricted Stock.

(d) The Company shall pay to each Key Employee all amount, if any, deferred by such Key Employee under the Plan which are not Performance Units or Restricted Stock.

(e) The Company may reduce the amount due any Key Employee under this Section by the unpaid balance, if any, of the principal of any loans to such Key Employee under Section 9.

(f) For purposes of this Section 14, "Current Market Value" means the highest "Closing Price" during the period commencing 30 days prior to the Change in Control and ending 30 days after the Change of Control (the "Reference Period"); provided, however, that, if the Change in Control occurs as a result of a tender offer or exchange offer, or a merger, purchase of assets or stock or other transaction that is approved by stockholders of the Company, Current Market Value means the higher of (i) the highest Closing Price during the Reference Period, or (ii) the highest price paid per share pursuant to such tender offer, exchange offer or other transaction. The "Closing Price" on any day during the Reference Period means the closing price per share of Stock based upon composite transactions on the national stock exchanges that day (closing bid price, if on NASDAQ).

15. Miscellaneous

(a) Nothing in this Plan or any Award granted hereunder shall confer upon any employee any right to continue in the employ of any Participating Company or interfere in any way with the right of any Participating Company to terminate his or her employment at any time.

(b) No Award payable under the Plan shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of any Participating Company for the benefit of its employees unless the Company shall determine otherwise.

(c) No Key Employee shall have any claim to an Award until it is actually granted under the Plan. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments of Awards provided for under the Plan shall be paid in cash from the general funds of the Company; provided, however, that such payments shall be reduced by the amount of any payments made to the participant or his or her dependents, beneficiaries or estate from any trust or special or separate fund established by the Company to assure such payments. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments, and, if the Company shall make any investments to aid it in meeting its obligations hereunder, the participant shall have no right, title, or interest whatever in or to any such investments, except as may otherwise be expressly provided in a separate written instrument relating to such investments. Nothing contained in this Plan and no action taken pursuant to its provisions shall create or be construed to create a trust of any kind between the Company and any participants.

(d) Absence on leave approved by a duly constituted officer of the Company shall not be considered interruption or termination of employment for any purposes of the Plan; provided, however, that no Award may be granted to an employee while he or she is absent on leave.

(e) If the Committee finds that any person to whom any Award, or portion thereof, is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, then any payment due him or her (unless a prior claim therefore has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Company therefor.

(f) The right of any Key Employee or other person to any Award payable under the Plan may not be assigned, transferred, pledged, or encumbered, either voluntarily or by operation of law, except as provided in Section 10 with respect to the designation of a Beneficiary or as may otherwise be required by law. If, by reason of any attempted assignment, transfer, pledge, or encumbrance or any bankruptcy or other event happening at any time, any amount payable under the Plan would be made subject to the debts or liabilities of the Key Employee or his or her Beneficiary or would otherwise devolve upon anyone else and not be enjoyed by the Key Employee or his or her Beneficiary, then the Committee may terminate such person's interest in any such payment and direct that the same be held and applied to or for the benefit of the Key Employee, his or her Beneficiary or any other persons deemed to be the natural objects of his or her bounty, taking into account the expressed wishes of the Key Employee (or, in the event of his or her death, those of his or her Beneficiary) in such manner as the Committee may deem proper.

(g) Copies of the Plan and all amendments, administrative rules and procedures and interpretation shall be made available to all Key Employees at all reasonable times at the Company's headquarters.

(h) The Committee may cause to be made, as a condition precedent to the payment of any Award, appropriate arrangements with the Key Employee or his or her Beneficiary for the withholding of any federal, state, local or foreign taxes.

(i) The Plan and the grant of Awards shall be subject to all applicable federal and state laws, rules, and regulations and to such approvals by any government or regulatory agency as may be required.

(j) All elections, designation, requests, notices, instructions and other communications from a Key Employee, Beneficiary, or other person to the Committee that are required or permitted under the Plan shall be in such form as is prescribed from time to time by the Committee and shall be mailed by first class mail or delivered to such location as shall be specified by the Committee.

(k) The terms of the Plan shall be binding upon the Company and its successors and assigns.

(l) Captions preceding the sections hereof are inserted solely as a matter of convenience and in no way define or limit the scope or intent of any provision hereof.

16. Effective Date and Term of Plan

The effective date of the Plan shall be July 1, 1990. The term of the Plan shall be twenty years and the Plan shall expire after June 30, 2010.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-65848) pertaining to the 1990 Incentive Plan of Gentner Communications Corporation of our report dated August 7, 1996, with respect to the financial statements of Gentner Communications Corporation included in the Annual Report (Form 10-KSB/A) for the year ended June 30, 1996.

ERNST & YOUNG LLP
/s/

Salt Lake City, Utah
September 30, 1996

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS AND FOOTNOTES INCLUDED IN FORM 10-KSB FOR THE YEAR ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>

<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	JUN-30-1996
<PERIOD-END>	JUN-30-1996
<CASH>	213763
<SECURITIES>	0
<RECEIVABLES>	1650436
<ALLOWANCES>	94000
<INVENTORY>	3229765
<CURRENT-ASSETS>	5111707
<PP&E>	1514629
<DEPRECIATION>	0
<TOTAL-ASSETS>	6780210
<CURRENT-LIABILITIES>	2016039
<BONDS>	590413
<COMMON>	7662
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	4422747
<TOTAL-LIABILITY-AND-EQUITY>	6780210
<SALES>	11469155
<TOTAL-REVENUES>	11469155
<CGS>	6279775
<TOTAL-COSTS>	6279775
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	185676
<INCOME-PRETAX>	282884
<INCOME-TAX>	900
<INCOME-CONTINUING>	281984
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	281984
<EPS-PRIMARY>	0.04
<EPS-DILUTED>	0.04