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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended December 31, 1995

OR

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

For the transition period from _______________ to _______________

Commission file number 0-17219

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

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

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

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

/x/ Yes / / No

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

Class of Common Stock	February 9, 1996
$0.001 par value	7,662,375 shares

GENTNER COMMUNICATIONS CORPORATION

BALANCE SHEETS

	(Unaudited) December 31, 1995	June 30, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 134,141	$ 119,238
Accounts receivable	1,579,941	1,644,376
Inventory	3,602,068	3,324,866
Other current assets	301,717	140,088
Total current assets	5,617,867	5,228,568
Property and equipment, net	1,641,257	1,829,161
Other assets, net	180,511	140,731
Total assets	$ 7,439,635	$ 7,198,460

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Notes payable	$ 1,150,000	$ 1,508,687
Accounts payable	775,670	943,723
Accrued expenses	299,480	297,426
Current portion of long-term debt	159,467	93,506
Current portion of capital lease obligations	182,088	128,486
Total current liabilities	2,566,705	2,971,828
Long-term debt	515,374	229,372
Capital lease obligations	176,524	283,799
Total liabilities	3,258,603	3,484,999
Shareholders' equity:		
Common stock, 50,000,000 shares authorized, par value $.001; 7,662,375 and 7,455,375 shares issued and outstanding at December 31, 1995 and June 30, 1995	7,662	7,455
Additional paid-in capital	4,386,747	4,244,641
Accumulated deficit	(213,377)	(538,635)
Total shareholders' equity	4,181,032	3,713,461
Total liabilities and shareholders' equity	$ 7,439,635	$ 7,198,460

GENTNER COMMUNICATIONS CORPORATION

STATEMENTS OF INCOME

	(Unaudited) Three Months Ended December 31, 1995	1994
Net sales	$ 3,063,011	$ 2,663,466
Cost of goods sold	1,633,064	1,498,809
Gross profit	1,429,947	1,164,657
Operating expenses:		
Marketing and selling	598,525	467,556
General and administrative	363,712	453,065
Product development	234,221	195,849
Total operating expenses	1,196,458	1,116,470
Operating income	233,489	48,187
Other income (expense):		
Interest income	625	4,622
Interest expense	(48,378)	(28,588)
Other, net	(12,103)	(6,699)
Total other income (expense)	(59,856)	(30,665)
Income before income taxes	173,633	17,522
Provision for income taxes	-	-
Net income	$ 173,633	$ 17,522
Net earnings per common share	$ 0.02	$ -

GENTNER COMMUNICATIONS CORPORATION

STATEMENTS OF OPERATIONS

	(Unaudited) Six Months Ended December 31, 1995	1994
Net sales	$ 5,850,160	$ 4,938,379
Cost of goods sold	3,073,390	2,769,695

Gross profit	2,776,770	2,168,684
Operating expenses:		
Marketing and selling	1,163,406	1,082,144
General and administrative	699,996	929,034
Product development	452,212	482,039
Total operating expenses	2,315,614	2,493,217
Operating income	461,156	(324,533)
Other income (expense):		
Interest income	1,487	11,136
Interest expense	(98,525)	(56,976)
Other, net	(12,103)	8,187
Total other income (expense)	(109,141)	(37,653)
Income before income taxes	352,015	(362,186)
Provision for income taxes	26,757	-
Net income	$ 325,258	$ (362,186)
Net earnings (loss) per common share	$ 0.04	$ (0.05)

GENTNER COMMUNICATIONS CORPORATION

CONDENSED STATEMENTS OF CASH FLOWS

	(Unaudited) Six Months Ended December 31,	
	1995	1994
Cash flows from operating activities:		
Cash received from customers	$ 5,874,882	$ 5,067,379
Cash paid to suppliers and employees	(5,736,124)	(6,376,799)
Interest received	3,362	10,386
Interest paid	(106,814)	(56,976)
Income taxes paid	(25,900)	-
Net cash provided by (used in) operating activities	9,406	(1,356,010)
Cash flows from investing activities:		
Purchases of property and equipment	(49,338)	(479,137)
Decrease (increase) in other assets	(1,591)	2,238
Net cash used in investing activities	(50,929)	(476,899)
Cash flows from financing activities:		
Proceeds from employee stock option exercises	142,313	-
Net borrowings (repayments) under line of credit	(75,000)	1,250,000
Principal payments of short-term notes to vendor	(283,687)	-
Proceeds from issuance of long-term debt	400,000	282,500
Principal payments of capital lease obligations	(79,163)	(89,113)
Principal payments of long-term debt	(48,037)	(38,618)
Net cash provided by financing activities	56,426	1,404,769
Net increase (decrease) in cash and cash equivalents	14,903	(428,140)
Cash and cash equivalents at the beginning of the year	119,238	433,824
Cash and cash equivalents at the end of the period	$ 134,141	$ 5,684

Supplemental disclosure of cash flow information:		
Property and equipment financed by capital leases	$ 25,490	$ 127,113

GENTNER COMMUNICATIONS CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 1995
(Unaudited)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB of Regulation S-B. Accordingly, certain information and footnote disclosures normally included in complete financial statements have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's 1995 Annual Report on Form 10-KSB.

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

2. Earnings (Loss) Per Common Share

Earnings (loss) per common share was calculated using the modified treasury stock method (see the accompanying exhibit, "Statement re: Computation of Per Share Earnings"). Stock options and warrants to purchase common stock have been excluded from the presented computation of per share amounts in periods when the effect was antidilutive.

3. Inventory

Inventory is summarized as follows:

	(Unaudited) December 31, 1995	June 30, 1995
Raw materials	$ 1,238,384	$ 959,478
Work in progress	1,152,299	1,380,393
Finished goods	1,211,385	984,995
Total inventory	$ 3,602,068	$ 3,324,866

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

RESULTS OF OPERATIONS

Sales for the three months ended December 31, 1995 increased 15% compared to the same period during the prior fiscal year, and sales for the six-month period increased 18% over the same period in fiscal 1994. Shipments of new products during the respective time periods was the primary reason for the increases.

Broadcast market sales increased 16% during the second quarter of fiscal 1996, and increased 25% year-to-date as compared to the same periods during fiscal 1995. The main reason for the increase was sales of the Company's new TS612 talk show telephone system. The Company has received very favorable customer response to this product, and is finalizing new system enhancements which it anticipates introducing during the third quarter of the current fiscal year. Increased sales also resulted from another new product, the Company's recently introduced Telehybrid telephone interface unit. The new product allows broadcasters to make easy connections to either digital or analog phone lines in various "on-air" broadcast applications. It can also be used in situations involving audioconferencing.

Sales to the audio segment of the Teleconferencing market (the "Audioconferencing" market) increased 13% during both the three and six-month periods ended December 31, 1995, as compared to the same periods a year ago. One reason for the increases was due to shipments of the new AVT line of products. These units were designed specifically for use in conjunction with videoconferencing and distance learning applications. Audioconferencing sales were also higher than last year due to shipments of the ET100 portable audioconferencer. The Company spent time earlier in the 1996 fiscal year making design modifications and improvements to the ET100, and released version 2.0 during the second fiscal quarter. The Company expects sales of its portable audioconferencers to grow further, particularly as a result of shipments of its recently announced

ET10 portable audioconferencer, the first full duplex conferencing product designed for use in an individual office or cubicle. The Company anticipates ET10 shipments beginning during the third quarter.

The Company's gross profit margin percentage increased from 44% to 47% during the three months and six months ended December 31, 1995 as compared to the same periods during the previous year. Although the Company did experience some variations in its sales mix during the respective periods, most of the difference was due to moderate price increases which took effect July 1, 1995. The Company believes that gross margins experienced during the rest of the 1996 fiscal year will be slightly lower due to small decreases in profit margins of the new products scheduled to be introduced. However, the Company also anticipates higher gross profits resulting from an overall increase in sales.

Operating expenses for the second quarter increased by 7% compared to last year. The increase was due primarily to increased marketing promotions, along with an increase in product development efforts. Marketing and selling expenses rose 28% as compared to last year due to more extensive marketing activities aimed at increasing sales of existing products as well as continuing the ongoing promotion of new products. Product development costs increased 20% due to efforts in bringing to market certain features and new product enhancements for the TS612 and ET100. Offsetting both of these cost increases was a 20% decline in general and administrative expenses. The reduction stems mainly from cost saving efforts and efficiencies gained in modifying the organizational structure. This process, started during the latter part of fiscal 1994, began yielding results during the last half of fiscal 1995 and continued on into fiscal 1996.

For the six-month period ended December 31, 1995, operating expenses overall went down by 7% compared to the same period a year earlier. Product development costs for the first half of the current fiscal year were down 6%, notwithstanding the aforementioned second quarter increase. The reason year-to-date expenses decreased was the significant drop in engineering costs during the first quarter of fiscal 1996, compared to last year's first quarter when much effort was being focused on preparing the TS612 and ET100 products to ship. The second quarter rise in marketing and selling expenses, compared to last year, was somewhat offset by lower expenses earlier this year versus last when the Company was heavily engaged in promoting these two new products. As a result, year-to-date marketing and selling expenses experienced an increase of only 8%. Year-to-date general and administrative costs compared to last year decreased 27% for the same reasons mentioned above in connection with the quarter ended December 31, 1995.

The Company incurred, respectively, 69% and 73% more interest expense during the three and six-month periods ended December 31, 1995 than it did the previous year, stemming from increased usage of the Company's line of credit facility. In addition, due to utilizing much of its excess cash beginning in fiscal 1995, the Company earned significantly less interest income during fiscal 1996.

FINANCIAL CONDITION AND LIQUIDITY

The Company's current ratio increased from 1.8:1 to 2.2:1 during the six months since June 30, 1995. The factor contributing most to the change was an adjustment of short-term debt which occurred during fiscal 1996's first quarter. The Company obtained permanent long-term financing for several items of furniture and equipment acquired over the previous two years, and applied the proceeds towards the short-term line of credit. This enabled the Company during the second quarter to significantly reduce the amounts owing to vendors, thus reducing the accounts payable balance by 18% as compared to the end of the previous fiscal year. Inventory increased 8% during the six-month period as a result of the Company continuing its efforts of providing adequate finished product availability to satisfy current and expected customer demand. Yet the Company also intends to fully implement 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 three months ended December 31, 1995 when inventory decreased 4%.

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 $1.15 million outstanding at December 31, 1995.

The Company is continuing to maximize its efforts to maintain stable cash flows during a time of sales growth and ongoing product development. Changing its short-term debt position helped to increase available cash reserves. However, the Company believes that ongoing cash flows will improve more as a result of continuing management's focus on maintaining satisfactory profitability following last fiscal year's period of operational expansion and intense product promotion. Already the Company has seen the positive operational cash flow results from this course of action. As sales continue to increase and profits are achieved, the Company is confident that it can achieve its business plan through a combination of internally generated funds, and short-term and/or long-term borrowing, if necessary.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
  - (11) Statement re Computation of Per Share Earnings
  - (27) Financial Data Schedule

(b) Reports on Form 8-K
  - There were no reports on Form 8-K filed during the quarter.

SIGNATURES

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

GENTNER COMMUNICATIONS CORPORATION

/s/ David L. Harmon

David L. Harmon
Chief Financial Officer

Date: February 10, 1996

EXHIBIT 11

GENTNER COMMUNICATIONS CORPORATION

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

	Three Months Ended December 31, 1995	Three Months Ended December 31, 1994	Six Months Ended December 31, 1995	Six Months Ended December 31, 1994
Primary:				
Earnings:				
Net income (loss) . . .	$ 173,633	$ 17,522	$ 325,258	$ (362,186)
Assumed interest expense reduction on retirement of long-term liabilities	-	-	-	-
Assumed interest income increase on purchase of investments	-	-	-	-
Adjusted net income (loss).	$ 173,633	$ 17,522	$ 325,258	$ (362,186)
Shares:				
Weighted average number of common shares outstanding	7,659,864	7,338,375	7,617,022	7,338,375
Assumed exercise of weighted number of options and warrants outstanding	-	-	-	-
Assumed repurchase of common shares	-	-	-	-
Adjusted weighted average of common shares outstanding .	7,659,864	7,338,375	7,617,022	7,338,375
Primary Earnings (Loss) Per Share . . .	$0.02	$0.00	$0.04	($0.05)
Fully Diluted:				
Earnings:				
Net income (loss) . . .	$ 173,633	$ 17,522	$ 325,258	$ (362,186)
Assumed interest expense reduction on retirement of long-term liabilities	39,072	37,776	78,307	64,829
Assumed interest income increase on purchase of investments	13,048	30,712	23,020	57,946
Adjusted net income (loss).	$ 225,753	$ 86,010	$ 426,585	$ (239,411)
Shares:				
Weighted average number of common shares outstanding	7,659,864	7,338,375	7,617,022	7,338,375
Assumed exercise of weighted number of options and warrants outstanding	3,901,536	3,994,025	3,932,639	3,994,025
Assumed repurchase of common shares	(1,532,475)	(1,467,675)	(1,531,775)	(1,467,675)
Adjusted weighted average of common shares outstanding .	10,028,925	9,864,725	10,017,886	9,864,725
Full Diluted Earnings (Loss) Per Share . .	$0.02	$0.01	$0.04	($0.02)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS AND FOOTNOTES INCLUDED IN FORM 10-QSB FOR THE QUARTER ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS	6-MOS
JUN-30-1996	JUN-30-1996
DEC-31-1996	DEC-31-1996
134,141	134,141
0	0
1,724,941	1,724,941
145,000	145,000
3,602,068	3,602,068
5,617,867	5,617,867
3,722,384	3,722,384
2,081,127	2,081,127
7,439,635	7,439,635
2,566,705	2,566,705
691,898	691,898
7,662	7,662
0	0
0	0
4,173,370	4,173,370
7,439,635	7,439,635
3,063,011	5,850,160
3,063,011	5,850,160
1,633,064	3,073,390
1,633,064	3,073,390
0	0
0	0
48,378	98,525
173,633	352,015
0	26,757
173,633	325,258
0	0
0	0
0	0
173,633	325,258
0.02	0.04
0.02	0.04