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 September 30, 1996

OR

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

For the transition period from _______________ to _______________

Commission file number 0-17219

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

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

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

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	November 10, 1996
$0.001 par value	7,662,375 shares

GENTNER COMMUNICATIONS CORPORATION

BALANCE SHEETS

	(Unaudited) September 30, 1996	June 30, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 248,325	$ 213,763
Accounts receivable	1,520,742	1,556,436
Inventory	2,948,735	3,229,765
Other current assets.	343,976	111,743

Total current assets	5,061,778	5,111,707
Property and equipment, net	1,788,440	1,514,629
Other assets, net	177,074	153,874
Total assets	$ 7,027,292	$ 6,780,210
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 863,949	$ 916,041
Accounts payable	785,480	503,168
Accrued expenses	233,658	294,729
Current portion of long-term debt	155,095	163,314
Current portion of capital lease obligations	188,620	138,787
Total current liabilities	2,226,802	2,016,039
Long-term debt	394,124	427,250
Capital lease obligations	360,986	163,163
Total liabilities	2,981,912	2,606,452
Shareholders' equity:		
Common stock, 50,000,000 shares authorized, par value $.001, 7,662,375 shares issued and outstanding	7,662	7,662
Additional paid-in capital	4,422,747	4,422,747
Accumulated deficit	(385,029)	(256,651)
Total shareholders' equity	4,045,380	4,173,758
Total liabilities and shareholders' equity	$ 7,027,292	$ 6,780,210

GENTNER COMMUNICATIONS CORPORATION

STATEMENTS OF OPERATIONS

	(Unaudited) Three Months Ended September 30,	
	1996	1995
Net sales	$ 2,940,205	$ 2,787,149
Cost of goods sold	1,581,985	1,440,326
Gross profit	1,358,220	1,346,823
Operating expenses:		
Marketing and selling	777,172	564,881
General and administrative	436,152	336,284
Product development	237,574	217,991
Total operating expenses	1,450,898	1,119,156
Operating income (loss)	(92,678)	227,667
Other income (expense):		
Interest income	-	862
Interest expense	(35,811)	(50,147)
Other, net	111	-
Total other income (expense)	(35,700)	(49,285)
Income (loss) before income taxes	(128,378)	178,382
Provision for income taxes	-	26,757
Net income (loss)	$ (128,378)	$ 151,625

Net earnings (loss) per common share	$ (0.02)	$ 0.02

GENTNER COMMUNICATIONS CORPORATION

CONDENSED STATEMENTS OF CASH FLOWS

	(Unaudited) Three Months Ended September 30, 1996	1995
Cash flows from operating activities:		
Cash received from customers	$ 2,927,293	$ 3,016,895
Cash paid to suppliers and employees	(2,578,655)	(2,792,477)
Interest received	-	862
Interest paid	(36,497)	(50,425)
Income taxes refunded (paid)	19,900	(5,900)
Net cash provided by operating activities	332,041	168,955
Cash flows from investing activities:		
Purchases of property and equipment	(124,480)	(28,640)
Decrease (increase) in other assets	(33,517)	14,451
Net cash used in investing activities	(157,997)	(14,189)
Cash flows from financing activities:		
Proceeds from employee stock option exercises	-	137,500
Net borrowings (repayments) under line of credit	(52,092)	(398,000)
Principal payments of short-term notes to vendors	-	(256,937)
Proceeds from issuance of long-term debt	-	400,000
Principal payments of capital lease obligations	(46,045)	(35,428)
Principal payments of long-term debt	(41,345)	(20,780)
Net cash used in financing activities	(139,482)	(173,645)
Net increase (decrease) in cash	34,562	(18,879)
Cash at the beginning of the year	213,763	119,238
Cash at the end of the period	$ 248,325	$ 100,359

Supplemental disclosure of cash flow information:		
Property and equipment financed by capital leases	$ 293,701	$ -

GENTNER COMMUNICATIONS CORPORATION

NOTES TO FINANCIAL STATEMENTS
September 30, 1996
(Unaudited)

1. Basis of Presentation

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

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

2. Earnings (Loss) Per Common Share

Earnings (loss) per common share was calculated using the modified treasury stock method. The weighted average number of common shares outstanding for the three months ended September 30, 1996 and 1995 were 7,662,375 and 7,338,375, respectively. Stock options and warrants to purchase common stock have been excluded from the presented computation of per share amounts for all periods inasmuch as the effects were antidilutive.

3. Inventory

Inventory is summarized as follows:

	(Unaudited) September 30, 1996	June 30, 1996
Raw materials	$ 933,709	$ 962,504
Work in progress	1,012,159	866,279
Finished goods	1,002,868	1,400,982
Total inventory	$ 2,948,735	$ 3,229,765

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

RESULTS OF OPERATIONS

Sales for the three months ended September 30, 1996 increased 5% compared to the same period during the prior fiscal year. The primary reason for the increase were sales of new Broadcast and Teleconferencing products. Sales of existing Broadcast and Assistive Listening System ("ALS") products also experienced increases during the quarter.

Broadcast sales increased 7% during the first quarter of fiscal 1997, as compared to the same quarter during the previous fiscal year. The Company had higher sales of its TS612 multi-line talk show product line, due to new additions and network connection enhancements introduced over the last nine months. Broadcast sales also grew as a result of the Company beginning shipments to selected customers of its new GSC3000 product series. Introduced in April of 1996, the new product line is expected to significantly grow sales of the Company's Site Control line of products. Regular shipments are expected to begin during the quarter ending December 31, 1996. Site Control products help broadcasters fulfill legal requirements for monitoring and controlling remote transmitter sites. The new GSC line will allow station managers to monitor several different sites using one networked system.

Sales to the audio segment of the Teleconferencing market (the "Audioconferencing" market) decreased 8% during the three-month period as compared to the previous fiscal year. The decline was due to lower sales of the Company's older line of audioconferencing room system products. Many of the features of these systems have been improved and incorporated into the new GT724 teleconferencing system. This product began shipping at the beginning of the first quarter ended September 30, 1996, and carries a lower sales price and has more integrated components than most of the older systems. As a result, customers have shown a preference for the newer systems over the older units which were brought to market in 1993. Although affecting sales of the older systems in its introductory quarter, the Company believes that sales of the new GT724 will grow to more than offset the decrease due to the product's strong customer appeal and much wider potential use in teleconferencing applications. Recently, the product won the annual special recognition award for Most Significant Advance awarded by Teleconference magazine. In addition, several distance learning and telemedicine organizations have named the GT724 as the product of choice to be included with their systems. The Company is also devoting resources to the development of additional new audioconferencing system products anticipated to be introduced by the end of the current fiscal year.

Contributing to the overall sales increase for the quarter were higher sales of ALS products, due partially as a result of sales of the new PTX portable transmitter introduced last year. ALS products represent one of the Company's fastest growing product segments, growing 84% during the three months ended September 30, 1996, as compared to the same period of the previous fiscal year.

During the quarter ended June 30, 1996, the Company began significant new initiatives to augment its efforts in the areas of marketing and sales. These activities carried over into the first quarter of fiscal 1997 as well. In September 1996, the Company hired its first Vice President of Sales and Marketing. Management believes this new position is key to serving the Company's markets and positioning the Company for additional sales growth and profitability. The Company also plans to devote additional sales and marketing resources to all market areas. In addition, several new sales employees, including a new sales director, have been hired to focus exclusively on the Company's teleconferencing service. The Company recently launched a new national marketing campaign for this service, which has been renamed 1.800.LETS MEET. The Company has already begun to see the positive results from these efforts and anticipates significant growth in the service segment of its business, as well as sales growth overall during the current fiscal year.

The Company's gross profit margin percentage during the three months ended September 30, 1996, was 46% as compared to last year's first quarter when the gross margin percentage was 48%. The difference was mainly attributable to the varied product mix in effect during the respective periods.

Operating expenses for the first quarter increased by 30% compared to last year. The higher costs were due primarily to a 38% jump in sales and marketing costs as previously mentioned above. These cost increases resulted from hiring additional sales employees, developing new advertising campaigns, and conducting new research of the Teleconferencing market. General and administrative expenses also rose during the quarter as compared to the same period during the prior fiscal year. The higher amounts are due mainly to additional employees hired since a year ago, who focus primarily on human resource and information systems management. These additional resources are anticipated to be essential for the Company to successfully implement its growth plans for the current fiscal year. Product development costs also rose 9% as a result of additional activities involved in bringing the new Site Control products to market, along with establishing engineering groups focused on specific product areas. The Company has entered into an investment phase for the near future, and anticipates these increases in overhead expenses to continue. However, the Company also expects these moves will increase sales and profitability in the long-term.

The differences in interest expense incurred during the respective three-month periods ended September 30, 1996 and 1995 stemmed mostly from differences in usage of the Company's line of credit facility.

FINANCIAL CONDITION AND LIQUIDITY

The Company's current ratio decreased from 2.5:1 to 2.3:1 during the three months since June 30, 1996. The factor contributing most to the change was a 56% increase in the accounts payable balance, due primarily to the purchase of GSC-related raw materials toward the end of the quarter. Offsetting somewhat the effect of this increase was a 9% decrease in inventory amounts. Over the last two years, the Company has concentrated on better inventory management and purchasing efficiencies. Positive results began to show during fiscal 1996's second quarter, and have continued ever since. Over the last six months the Company has specifically focused on strategic levels of finished goods in relation to anticipated sales. Those efforts resulted in a 28% finished goods inventory decline during the quarter ended September 30, 1996.

In October 1996, the Company renewed its line of credit arrangement ($863,949 outstanding at September 30, 1996) with a different commercial bank. The terms of the new lending arrangement are for a maximum amount outstanding of $2.5 million at an interest rate which is variable, depending on various financial ratios. Specifically, the rate can range from three to five basis points over the London Interbank Offered Rate (LIBOR). Currently, the rate is 8.8%. The loan is secured by accounts receivable and inventory, and is scheduled to mature at the end of October 1997.

The Company has been successful in improving cash flows during the prior fiscal year and those efforts have carried into fiscal 1997's first quarter. 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 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 that could cause the Company's results to differ materially from those anticipated.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
EX-27 Financial Data Schedule

(b) Reports on Form 8-K
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

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: November 13, 1996

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
FINANCIAL STATEMENTS AND FOOTNOTES INCLUDED IN FORM 10-QSB FOR THE QUARTER
ENDED SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO
SUCH FINANCIAL STATEMENTS.

3-MOS
JUN-30-1997
SEP-30-1996
248,325
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1,520,742
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2,948,735
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