SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 1996

OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-9040

METRO TEL CORP.

(Exact name of small business issuer as specified in its charter)

DELAWARE	11-2014231
(State of other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)

250 South Milpitas Blvd., Milpitas, California 95035

(Adress of principal executive offices)

(408) 946-4600

(Issuer's telephone number)

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 .

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

Common Stock, $.025 par value per share - 2,054,046 shares outstanding as of February 13, 1997

Metro Tel Corp.
Statement of Operations
(Unaudited, Note A)

	For the six months ended December 31,		For the three months ended December 31,	
	1996	1995	1996	1995
Net sales	$1,752,930	$1,950,620	$ 736,680	$1,027,608
Cost of goods sold	1,131,990	1,217,432	505,376	626,713
Gross profit	620,940	733,188	231,304	400,895
Selling, general, and administrative expenses	589,913	577,168	309,528	280,354
Research and development	132,095	141,673	63,492	68,860
Interest and other income	(2,670)	(7,032)	(1,298)	(6,726)
	719,338	711,809	371,722	342,488
Earnings (loss) before provision (credit) for				

income taxes	(98,398)	21,379	(140,418)	58,407
Provision (credit) for income taxes	(39,400)	8,500	(56,200)	23,300
Net earnings (loss)	$ (58,998)	$ 12,879	$ (84,218)	$ 35,107
Earnings (loss) per common share (Note B)	$ (.03)	$ .01	$ (.04)	$ .02
Weighted average number of shares outstanding (Note B)	2,004,046	2,004,046	2,004,046	2,004,046

Metro Tel Corp.
Balance Sheets
(Unaudited, Note A)

ASSETS

	December 31, 1996	June 30, 1996
Current Assets		
Cash and cash equivalents	$ 219,798	$ 411,924
Accounts receivable, net	475,899	716,103
Inventories	1,533,427	1,413,379
Prepaid expenses and other	117,682	14,254
Deferred income taxes	31,000	31,000
Total current assets	2,377,806	2,586,660
Property and equipment - at cost		
Machinery and equipment	503,539	470,433
Furniture and fixtures	89,647	88,414
Leasehold improvements	8,765	8,765
	601,951	567,612
Less accumulated depreciation	493,782	477,054
	108,169	90,558
Other assets		
Goodwill, net of accumulated amortization of $384,346 on December 31, 1996 and $369,438 on June 30, 1996	808,354	823,262
Other, net	20,904	21,562
	829,258	844,824
	$3,315,233	$3,522,042

Metro Tel Corp.
Balance Sheets
(Unaudited, Note A)

LIABILITIES AND
STOCKHOLDERS' EQUITY

	December 31, 1996	June 30, 1996
Current Liabilities		
Accounts payable	$ 121,388	$ 209,968
Accrued liabilities	133,839	174,204
Income taxes payable		18,866

Total current liabilities	255,227	403,038
Defrred Income Taxes	14,000	14,000
Stockholders' Equity		
Preferred stock, $1 par value, 200,000 shares authorized, none issued or outstanding		
Common stock, $.025 par value, 6,000,000 shares authorized, 2,030,296 shares issued, 2,004,046 shares outstanding	50,757	50,757
Additional paid-in capital	2,107,173	2,107,173
Retained earnings	956,826	1,015,824
	3,114,756	3,173,754
Less 26,250 shares of treasury stock - at cost	(68,750)	(68,750)
	3,046,006	3,105,004
	$3,315,233	$3,522,042

Metro Tel Corp.
Statements of Cash Flows
(Unaudited, Note A)

	For the six months ended December 31, 1996	1995
Cash flows from operating activities		
Net earnings (loss)	$ (58,998)	$ 12,879
Adjustments to reconcile net earnings to cash provided by operating activities		
Depreciation and amortization	32,292	36,044
(Increase) decrease in operating assets		
Accounts receivable	240,204	19,662
Inventories	(120,048)	(21,664)
Prepaid expenses and other	(103,426)	(24,724)
Increase (decrease) in operating liabilities		
Accounts payable	(88,580)	(48,430)
Accrued liabilities	(40,365)	(22,397)
Income taxes payable	(18,866)	(21,041)
Net cash (used) provided by operating activities	(157,787)	(69,671)
Cash flows from investing activities		
Capital expenditures	(34,339)	(15,990)
Net cash used in investing activities	(34,339)	(15,990)
Net increase (decrease) in cash and cash equivalents	(192,126)	(85,661)
Cash and cash equivalents at beginning of year	411,924	297,157
Cash and cash equivalents at end of period	$ 219,798	$ 211,496
Supplement disclosures of cash flow information		
Cash paid during the period for		
Income taxes	$ 60,627	$ 29,540

[FN]

METRO TEL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A - General: The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and the instructions to Form 10-QSB related to interim period financial statements. Accordingly, these financial statements do not include certain information and footnotes required by generally accepted accounting principles for complete financial statements. However, the accompanying unaudited financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary in order to make the financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. For further information, refer to the Company's financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 1996.

Note B - Earnings Per Common Share: Earnings per common share is based upon the weighted average number of shares of common stock outstanding during the year. Stock options have not been included in the calculation since their inclusion would not be materially dilutive.

Management's Discussion and Analysis of
Financial Condition and Results of Operation

Liquidity and Capital Resources

During the three month period ended December 31, 1996, cash decreased by $192,126. The decrease resulted from $157,787 used by operating activities and $34,339 used in investing activities to purchase capital assets. A portion of the Company's existing cash, together with cash generated by the collection of accounts receivable ($240,204), were used to fund increases in inventories ($120,048) and prepaid expenses ($103,426) and a decrease in current liabilities ($147,811), as well as the Company's cash loss ($26,706), net of depreciation. The Company believes that the cash it expects to generate from operations will be sufficient to meet operational needs.

Results of Operations

Net sales for the three month period ended December 31, 1996 decreased by $290,928 (28.3%) from the comparable period of fiscal 1996. This decrease offset an increase in sales in the first quarter and caused a $197,690 (10.1%) overall decrease in net sales for the full six month reported fiscal 1997 period. The decrease in comparable sales was mainly due to the completion, in the second quarter of fiscal 1996, of a substantial contract for CSU/DSU data devices in customer premise equipment and, to a lessor degree, to an overall reduction, in the second quarter of fiscal 1997, in sales of test equipment to the Regional Bell Operating Companies (RBOCs) due to year end budget constraints. Sales of telephone test equipment decreased by $68,870 (9.3%) for the three month period ended December 31, 1996 although,due to increases in the first quarter of fiscal 1997, sales were $86,689 (5.7%) higher for the overall six months of fiscal 1997 than for the first half of fiscal 1996. Due principally to the completion of the CSU/DSU contract referred above, sales of customer premise equipment decreased by $234,360 (78.1%) and $201,846 (87.4%) for the six and three month periods, respectively, from the comparable periods of fiscal 1996. Sales of spare parts, repairs and miscellaneous products decreased by $47,892 (38.2%) and $20,692 (36.1%) for the six and three month periods, respectively. Prices remained mostly constant though all reporting periods.

The Company's gross profit margin, expressed as a percentage of sales, decreased to 35.4% for the six month period of fiscal 1997 from 37.6% for the same period of fiscal 1996. Gross profit margin decreased to 31.4% for the second quarter of fiscal 1997 from 39.0%. The decreases were due to the reduction in sales which affected the ability of the Company to absorb its fixed expenses and also offset decreases of 10.2% in the six month period and 7.5% in the three month period in variable overhead expenses caused mainly by a decrease in indirect labor.

Selling, general and administrative expenses increased by $29,175 (10.4%) in the second quarter of fiscal 1997 over the comparable period of fiscal 1996, offsetting a decrease in this category of expenses for the first quarter and producing a net increase of $12,747 (2.2%) for the six month fiscal 1997 period. For the six month period, general and administrative expenses decreased by 2.8% which, to a large degree, offset increases in sales expense of 10.7% due mainly to increases in advertising and salaries. The increase for the second quarter of fiscal 1997 was mainly due to sales expense increases in advertising, salaries, and royalties which offset a decrease in general and administrative expenses.

Research and development expenses decreased by $9,578 (6.8%) and $5,368 (7.8%) for the six and three month periods, respectively, in fiscal 1997 over the comparable fiscal 1996 periods due to decreases in payroll and payroll expenses.

Interest and other income decreased by $4,362 and $5,428 for the six and three month periods in fiscal 1997 from the same periods in fiscal 1996.

The effective tax rate for each reported period was approximately 40%.

PART 11 - OTHER INFORMATION

Item 7. Exhibits and Reports on Form 8-K

(a) Exhibits

27. Financial Data Schedule

(b) Reports on Form 8-K

No Reports on Form 8-K were filed during the quarter ended December 31, 1996.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

METRO-TEL CORP.

Date: February 12, 1997 By: Venerando J. Indelicato
President, Treasurer and
Principal Financial and
Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
27	Financial Data Schedule

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