SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(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 0-17139

GENUS, INC.
(Exact name of registrant as specified in its charter)

California	94-279080
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1139 Karlstad Drive, California	94089
(Address of principal executive offices)	(Zip code)

(408) 747-7120

(Registrant's telephone number, including area code)

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 Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such 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 _______

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

Common shares outstanding at November 8, 1996: 16,605,755

GENUS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GENUS, INC.
Consolidated Statements of Operations (Unaudited)
(Amounts in thousands, except per share data)

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	Three Months Ended September 30, 1996	Three Months Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
<S>	<C>	<C>	<C>	<C>
Net sales	$13,892	$27,241	$65,347	$74,824
Costs and expenses:				
Cost of goods sold	10,493	16,743	43,334	44,938
Research and development	3,788	3,204	11,371	9,038
Selling, general & administrative	4,926	5,009	14,007	14,161
Special Charge	3,540	-	3,540	-
Income loss from operations	(8,855)	2,285	(6,905)	6,687
Other net	(25)	254	38	452
Income (loss) before provision for income taxes	(8,880)	2,539	(6,867)	7,139
Provision for (benefit from) income taxes	(775)	178	-	500
Net income (loss)	$(8,105)	$2,361	$(6,867)	$6,639
Net income (loss) per share	$ (.48)	$ .14	$ (.41)	$ .42
Shares used in per share calculation	16,841	16,728	16,630	15,915

</TABLE>

The accompanying notes are an integral part of these financial statements.

GENUS, INC.
Consolidated Balance Sheets (Unaudited)
(Amounts in thousands, except share data)
<TABLE>
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	September 30, 1996	December 31, 1995
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,961	$ 12,630
Accounts receivable (net of allowance for doubtful accounts of $250 in 1996 and 1995)	16,206	26,796
Inventories, net	28,584	24,437
Other current assets	991	623
Current deferred taxes	4,427	4,427
Total current assets	61,169	68,913
Property and equipment, net	16,322	14,627
Other assets, net	4,254	3,824
Non-current deferred taxes	7,883	7,883
	$ 89,628	$ 95,247
LIABILITIES		
Current liabilities:		
Accounts payable	5,558	7,129
Accrued expenses	11,540	11,042
Current portion of long-term debt	967	681
Total current liabilities	18,065	18,852
Long-term debt, less current portion	1,423	1,034
SHAREHOLDERS' EQUITY		
Preferred stock, no par value:		
Authorized, 2,000,000 shares;		
Issued and outstanding, none		

Common stock, no par value:		
Authorized, 20,000,000 shares;		
Issued and outstanding 16,593,977 shares at		
September 30, 1996 and 16,163,539 shares at		
December 31, 1995	97,329	95,683
Accumulated deficit	(27,189)	(20,322)
	_______	_______
Total shareholders' equity	70,140	75,361
	_______	_______
	$ 89,628	$ 95,247
	=======	=======

</TABLE>
The accompanying notes are an integral part of these financial statements.

GENUS, INC
Consolidated Statements of Cash Flows (Unaudited)
(Amounts in thousands)
<TABLE>
<CAPTION>

	Nine Months Ended September 30, 1996	1995
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	$ (6,867)	$ 6,639
Adjustments to reconcile to net cash from operating activities:		
Special charge	3,281	-
Depreciation and amortization	4,879	2,951
Changes in assets and liabilities:		
Accounts receivable	10,590	(7,713)
Inventories	(6,129)	(8,051)
Other current assets	(368)	31
Accounts payable	(1,571)	3,095
Accrued expenses	247	3,567
Other, net	(1,062)	(682)
	______	______
Net cash provided by (used in) operating activities	3,000	(163)
	______	______

Cash flows from investing activities:		
Acquisition of property and equipment	(5,228)	(4,566)
Capitalization of software development costs	(352)	-
Net cash used in investing activities	(5,580)	(4,566)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,646	17,782
Proceeds from short-term bank borrowings	1,500	-
Payments of short-term bank borrowings	(1,500)	(3,800)
Payments of long-term debt	(735)	(1,015)
Net cash provided by financing activities	911	12,967
Increase (decrease) in cash and cash equivalents	(1,669)	8,238
Cash and cash equivalents, beginning of period	12,630	10,188
Cash and cash equivalents, end of period	$ 10,961	$ 18,426

</TABLE>
The accompanying notes are an integral part of these financial statements.

GENUS, INC.
Notes to Consolidated Financial Statements
September 30, 1996 (Unaudited)
(Amounts in thousands)

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with SEC requirements for interim financial statements. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 1995 Annual Report to Shareholders which is incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

The information furnished reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for the fair statement of financial position, results of operations and cash flows for the interim periods. The results of operations for the periods presented are not necessarily indicative of results to be expected for the full year.

Net Income (Loss) Per Share

(Amounts in thousands)

Net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common and common equivalent (when dilutive) shares of common stock outstanding during each period.

Statement of Cash Flows Information (Unaudited)
<TABLE>
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	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
<S>	<C>	<C>
Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 159	$ 172
Income taxes	105	177
Non cash investing activities:		
Purchase of property and equipment under long-term debt obligations	$ 1,410	$ 1,263

</TABLE>
Line of Credit

The Company has a revolving line of credit agreement with a bank that provides for maximum borrowings of $10.0 million and expires in July 1997. Borrowings under the line of credit, which are secured by substantially all of the assets of the Company, bear interest at the bank's prime rate. The agreement requires the Company to comply with certain financial covenants and restricts the payment of dividends. At September 30, 1996, the Company had $2.8 million in letters of credit and no borrowings outstanding under the line of credit. Based on rates available to the Company for letters of credit with similar terms, the estimated fair value of the letters of credit approximates the face value of the letters of credit.

Inventories
Inventories comprise the following:
<TABLE>
<CAPTION>

	September 30, 1996	December 31, 1995

<S>

	<C>	<C>
Raw materials and parts	$ 14,980	$ 12,922
Work in process	10,538	10,048
Finished goods	3,066	1,467
	$ 28,584	$ 24,437

</TABLE>

Property and Equipment

Property and equipment are stated at cost and comprise the following:

<TABLE>
<CAPTION>

	September 30, 1996	December 31, 1995
<S>	<C>	<C>
Demonstration equipment	$ 14,587	$ 12,877
Equipment	14,148	12,512
Furniture and fixtures	2,581	1,960
Leasehold improvements	6,610	6,366
Building	310	-
	38,236	33,715
Less accumulated depreciation and amortization	(23,891)	(19,944)
	14,345	13,771
Construction in progress	1,977	856
	$ 16,322	$ 14,627

</TABLE>

Accrued Expenses

Accrued expenses comprise the following:

<TABLE>
<CAPTION>

	September 30, 1996	December 31, 1995
<S>	<C>	<C>
System installation and warranty	$ 5,250	$ 4,318
Accrued commissions and incentives	1,874	3,227
Accrued payroll and related items	1,736	1,104
Other	2,680	2,393
	$ 11,540	$ 11,042

</TABLE>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the attached condensed consolidated financial statements and notes thereto, and with the Company's audited financial statements and notes thereto for the fiscal year ended December 31, 1995.

The information in this discussion contains forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the Safe Harbor provisions created by that statute. Such statements are subject to certain risks and uncertainties, including those discussed below, that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

RESULTS OF OPERATIONS

The components of the Company's statements of income, expressed as percentage of total revenue, are as follows:
<TABLE>
<CAPTION>

	Three Months Ended September 30, 1996	Three Months Ended September 30, 1995	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
<S>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Cost of goods sold	75.5	61.4	66.3	60.1
Research and development	27.3	11.7	17.4	12.1
Selling, general & administrative	35.4	18.4	21.5	18.9
Special charge	25.5	0.0	5.4	0.0
Income (loss) from operations	(63.7)	8.5	(10.6)	8.9
Other income, net	(0.2)	0.9	0.1	0.7
Income (loss) before provision for income taxes	(63.9)	9.4	(10.5)	9.6
Provision for (benefit) from income taxes	5.6	0.7	0.0	0.7
Net income (loss)	(58.3)%	8.7%	(10.5)%	8.9%

Net sales for the three and nine months ended September 30, 1996 were $13.9 million and $65.3 million, respectively, compared to net sales of $27.2 million and $74.8 million, respectively, for the corresponding periods in 1995. The decrease in net sales for the three months ended September 30, 1996 was due primarily to lower tungsten Chemical Vapor Deposition (CVD) systems sales as a result of the overall slowdown of the Dynamic Random Access Memory (DRAM) market during the last nine months, and the push out of one high energy ion implantation MeV system sale from the third quarter of 1996 to the fourth quarter of 1996. The decrease during the nine months ended September 30, 1996 was primarily due to lower unit sales of Genus systems, offset by greater non-system sales. The semiconductor industry is presently experiencing volatility in terms of product demand and product pricing. As a result, semiconductor manufacturers are exercising caution in making their capital equipment decisions and have in certain cases rescheduled or canceled planned capital purchases. As a result of the uncertainties of this current market environment, the Company anticipates that its quarterly revenues and operating results may fluctuate from quarter to quarter. The Company expects revenue and

earnings for the next two to three quarters to be below first half results due in part to the current soft business conditions, particularly in the DRAM-sensitive tungsten CVD segment, retrenchment in the semiconductor industry, and general conditions in the Company's industry sector.

Gross margin for the three and nine months ended September 30, 1996 was 24 percent and 34 percent, respectively, compared to 39 percent and 40 percent, respectively, for the same periods in 1995. The decline in gross margin was primarily due to lower system sales, lower absorption of manufacturing costs, and higher service costs associated with the opening of Genus Korea, Ltd. in January 1996. The Company's gross margins have historically been affected by variations in ASP, changes in the mix of product sales, unit shipments levels, the level of foreign sales, and competitive pricing pressures. The Company anticipates that these conditions will continue for the foreseeable future in light of current market conditions.

As a percentage of net sales, research and development (R&D) expenses for the three and nine months ended September 30, 1996 were 27 percent and 17 percent, compared to 12 percent during the same periods in 1995. On an absolute dollar basis, R&D expenses during the three and nine months ended September 30, 1996, increased $0.6 million and $2.3 million when compared to the same periods in 1995. The increases in absolute dollars were primarily due to increased headcount, product development material costs, and investments in equipment costs on engineering tools for new product development. The increase as a percentage of net sales during the quarter ended September 30, 1996 was due primarily to lower net sales volumes. The increase as a percentage of net sales during the first nine months of 1996 was due primarily to increased R&D investment and, secondarily, to lower net sales volumes. The Company serves markets that are highly competitive and rapidly changing. For these reasons, the Company believes that it must continue to maintain its investment in R&D to develop competitive products. However, the Company will evaluate its R&D

investment in view of evolving competitive and market conditions.

Selling, general and administrative (S,G&A) expenses were 35 percent and 21 percent, respectively, of net sales for the three and nine months ended September 30, 1996, compared to 18 percent and 19 percent of net sales for the same periods in 1995. On an absolute dollar basis, S,G&A expenses for the three and nine months ended September 30, 1996 were flat when compared to the same period in 1995. During the third quarter of 1996, the Company incurred one-time charges of $460 thousand related to deferred rent expense and property taxes. Given the current market conditions, the Company anticipates S,G&A to decrease in the next two to three quarters.

During the three months ended September 30, 1996, the Company had $25 thousand in other expenses, compared to $0.3 million in other income for the comparable period in 1995. For the nine months ended September 30, 1996, the Company had other income of $38 thousand, compared to $0.5 million of other income for the same period in 1995. The decrease in both periods was principally due to lower interest income as a result of lower cash balances and higher interest expense associated with lease financing. As a result of the losses incurred by the Company during the quarter and nine months ended September 30, 1996, no taxes were incurred. The effective tax rate for the third quarter and first nine months of 1995 was 7 percent. During the quarter ended September 30, 1996, the Company incurred a special charge of $3.5 million, relating primarily to capacity cost reductions in association with the Company s reduction in force in September 1996, increased inventory reserves and write-off of property and equipment.

As a result of the current market conditions, the fluctuation in the Company's order rates in the last twelve months, the Company's continued reliance on one customer for a significant portion of its orders and that customer's recent announcements to reduce or delay semiconductor equipment purchases, the slow down in the Korean semiconductor market, the overall decline in the worldwide DRAM market, the continued competitive market environment for the Company's products and the historically cyclical nature of the semiconductor equipment market, the Company remains cautious about the prospects for its business over the next two to three quarters. The Company continues to make strategic

investments in new product development and manufacturing improvements with a view of improving future performance by enhancing product offerings; however, such investment may adversely affect short-term operating performance. The Company is also continuing its efforts to implement productivity improvements for future operating performance. The Company believes that the future economic environment could continue to lengthen the order and sales cycles for its products, causing it to continue to simultaneously book and ship some orders during the same quarter.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended September 30, 1996, the Company's cash and cash equivalents decreased $1.7 million principally due to the purchase of property and equipment of $5.2 million and payments of long-term debt of $0.7 million, offset by cash generated from operating activities of $3.0 million and the proceeds from the issuance of common stock of $1.6 million. The positive change in cash from operating activities primarily resulted from depreciation and amortization of $4.9 million, and a decrease in accounts receivable of $10.6 million as a result of improved collections. The increase in cash from operating activities was offset by a net loss, less the non-cash portion of the special charge which totals $3.3 million, an increase in inventory of $6.1 million due to purchases made late in the third quarter of 1996 to meet early fourth quarter 1996 shipments and lower system orders, a $1.5 million decrease in accounts payable related primarily to lower inventory purchases and overhead expenses and an increase in non-current other assets of $1.1 million.

The Company's primary source of funds at September 30, 1996 consisted of $11.0 million in cash and cash equivalents, and funds available under a $10.0 million revolving line of credit. The line of credit is secured by substantially all of the assets of the Company and expires in July 1997. At September 30, 1996, the Company had no borrowings outstanding under the line of credit.

Capital expenditures during the first nine months of 1996 were $5.2 million and related primarily to acquisition of machinery and equipment for the Company's R&D and Applications Laboratories. In September 1995, the Company entered into an agreement to lease a new facility in Newburyport, Massachusetts for its Ion Technology Division. The Company expended approximately $3.0 million for leasehold improvements and equipment associated with the new facility. The Company financed these expenditures through new or existing lease lines. Furthermore, the Company anticipates that additional capital expenditures, if any, during 1996 will be funded through existing working capital or lease financing.

The Company believes that cash generated from operations, if any, and existing credit facilities will be sufficient to satisfy its cash needs in the near term and for the foreseeable future.

CERTAIN BUSINESS CONSIDERATIONS

The Company's business is subject to the following risks and uncertainties.

Historical Performance. Although the Company had net income of $19.3 million and $4.2 million in the years ended December 31, 1995 and 1994, the Company experienced losses of $6.9 million, $17.1 million and $6.9 million for the years ended December 31, 1993 and 1992 and nine months ended September 30, 1996, respectively. In addition, although the Company has experienced improved sales and operating results in recent quarters, there can be no assurance that the Company will be able to sustain similar revenue growth on a quarterly or annual basis, or that the Company will be able to maintain profitability on a quarterly or annual basis.

Competition. The semiconductor manufacturing capital equipment industry is highly competitive. The Company faces substantial competition throughout the world. The Company believes that to remain competitive, it will require significant financial resources in order to offer a broader range of products, to maintain customer service and support centers worldwide and to invest in product and process research and development. Many of the Company's existing and potential competitors have substantially greater financial resources, more extensive engineering, manufacturing, marketing and customer service and support capabilities, as well as greater name recognition than the Company. The Company expects its competitors to continue to improve the design and performance of their current products and processes and to introduce new products and processes with improved price and performance characteristics. If the Company's competitors enter into strategic relationships with leading semiconductor manufacturers covering MeV or CVD products similar to those sold by the Company, this could have a material adverse effect on the Company's ability to sell its products to these manufacturers. No assurance can be given that the Company will continue to compete successfully in the United States or worldwide. The Company faces direct competition in CVD tungsten silicide from Applied Materials, Inc. and Tokyo Electron, Ltd. In the MeV marketplace, the Company's MeV ion implantation systems compete with MeV systems marketed by Eaton Corporation. There can be no assurance that competitors will not succeed in developing new technologies, in offering products that are offered at lower prices than those of the Company or in obtaining market acceptance for products more rapidly than the Company.

Dependence on New Products and Processes. The Company believes that its future performance will depend in part upon its ability to continue to enhance its existing products and their process capabilities and to develop and manufacture new products with improved process capabilities. As a result, the Company expects to continue to invest in research and development. The Company also must manage product transitions successfully, as introductions of new products could adversely affect sales of existing products. There can be no assurance that the market will accept the Company's new products or that the Company will be able to develop and introduce new products or enhancements to its existing products and processes in a timely manner which satisfy customer needs or achieve market acceptance. The failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, if the Company is not successful in the development of advanced processes or equipment for manufacturers with whom it has formed strategic alliances, its ability to sell its products to those manufacturers would be adversely affected.

Cyclical Nature of the Semiconductor Industry. The Company's business depends upon the capital expenditures of semiconductor manufacturers, which in turn depend on the current and anticipated market demand for integrated circuits and products utilizing integrated circuits. The semiconductor industry is cyclical and has historically experienced periodic downturns, which often have had an adverse effect on the semiconductor industry's demand for semiconductor manufacturing capital equipment. Prior semiconductor industry downturns have adversely affected the Company's revenue, operating margins and results of operations. No assurance can be given that the Company's revenue and operating results will not be materially and adversely affected if a downturn in the semiconductor industry occurs in the future. In addition, the need for continued investment in research and development, substantial capital equipment requirements and extensive ongoing worldwide customer service and support capability may limit the Company's ability to reduce expenses or to maintain them at current levels. Accordingly, there is no assurance that the Company will be able to remain profitable in the future.

Reliance on International Sales. International sales accounted for approximately 84%, 89%, 88% and 90%, respectively, of total net sales in fiscal 1993, 1994 and 1995 and the first nine months of 1996. In addition, net sales to Korean customers accounted for approximately 32%, 50%, 63% and 62% respectively, of total net sales during the same periods. The Company anticipates that international sales, including sales to Korea, will continue to account for a significant portion of net sales. As a result, a significant

portion of the Company's sales will be subject to certain risks, including unexpected changes in regulatory requirements, tariffs and other barriers, political and economic instability, difficulties in accounts receivable collection, difficulties in managing distributors or representatives, difficulties in staffing and managing foreign subsidiary operations and potentially adverse tax consequences. Although the Company's foreign sales are denominated in U.S. dollars and the Company does not engage in hedging transactions, the Company's foreign sales are subject to the risks associated with unexpected changes in exchange rates, which could have the effect of making the Company's products more or less expensive. There can be no assurance that any of these factors will not have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on a Small Number of Customers. Historically, the Company has relied on a limited number of customers for a substantial portion of its net sales. In fiscal 1993, net sales to Innotech, Samsung and SGS Thomson accounted for 26%, 23% and 14%, respectively, of total net sales, In fiscal 1994, net sales to Samsung, Innotech and SGS Thomson accounted for 33%, 19% and 14%, respectively, of total net sales. Net sales to Samsung accounted for 63% of total net sales in 1995. In the first nine months of 1996 Samsung and Innotech accounted for 56% and 18%, respectively, of the Company's net sales. Because the semiconductor manufacturing industry is concentrated in a limited number of generally larger companies, the Company expects that a significant portion of its future product sales will be concentrated within a limited number of customers. None of these customers has entered into a long-term agreement requiring it to purchase the Company's products. Furthermore, sales to certain of these customers may decrease in the future when those customers complete their current semiconductor equipment purchasing requirements for new or expanded fabrication facilities. Although the composition of the Company's largest customer varies from year to year, the loss of a significant customer or any reductions in orders from a significant customer, including reductions due to customer departures from recent buying patterns, market, economic or ompetitive conditions in the semiconductor industry or in the industries that manufacture products utilizing integrated circuits, could have a material adverse effect on the Company's business, financial condition and results of operations.

Product Concentration; Rapid Technological Change. Semiconductor manufacturing equipment and processes are subject to rapid technological change. The Company derives its revenue primarily from the sale of its MeV ion implantation and tungsten silicide CVD systems. The Company estimates that the life cycle for these systems is generally from three to five years. The Company believes that its future prospects will depend in part upon its ability to continue to enhance its existing products and their process capabilities and to develop and manufacture new products with improved process capabilities. As a result, the Company expects to continue to make significant investments in research and development. The Company also must manage product transitions successfully, as introductions of new products could adversely affect sales of existing products. There can be no assurance that future technologies, processes or product developments will not render the Company's product offerings obsolete or that the Company will be able to develop and introduce new products or enhancements to its existing and future processes in a timely manner which satisfies customer needs or achieves market acceptance. The failure to do so could adversely affect the Company's business, financial condition and results of operations. Furthermore, if the Company is not successful in the development of advanced processes or equipment for manufacturers with whom it currently does business, its ability to sell its products to those manufacturers would be adversely affected.

Fluctuations in Quarterly Operating Results. The Company's revenue and operating results may fluctuate significantly from quarter to quarter. The Company derives its revenue primarily from the sale of a relatively small number of high-priced systems, many of which may be ordered and shipped during the same quarter. The Company's results of operations for a particular quarter could be adversely affected if anticipated orders for even a small number of systems were not received in time to enable shipment during the quarter, if anticipated shipments were delayed or canceled by one or more customers or if

shipments were delayed due to manufacturing difficulties. The Company's revenue and operating results may also fluctuate due to the mix of products sold and the channel of distribution.

Dependence on Key Suppliers. Certain of the components and sub-assemblies included in the Company's products are obtained from a single supplier or a limited group of suppliers. Disruption or termination of these sources could have a temporary adverse effect on the Company's operations. The Company believes that alternative sources could be obtained and qualified to supply these products, if necessary. Nevertheless, a prolonged inability to obtain certain components could have a material adverse effect on the Company's business, financial condition and results of operations.

Dependence on Independent Distributors. The Company currently sells and supports its MeV ion implantation and CVD products through direct sales and customer support organizations in the U.S., Western Europe and Korea and through five exclusive sales representatives and distributors in the U.S., Japan, Korea, Taiwan and Hong Kong. Although the Company believes that alternative sources of distribution are available, the disruption or termination of its existing distributor relationships could have a temporary adverse effect on the Company's business, financial condition and results of operations.

Volatility of Stock Price. The Company's Common Stock has experienced substantial price volatility, particularly as a result of quarter-to-quarter variations in the actual or anticipated financial results of, or announcements by, the Company, its competitors or its customers. Also, the stock market has experienced extreme price and volume fluctuations which have affected the market price of many technology companies, in particular, and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions in the United States and the countries in which the Company does business, may adversely affect the market price of the Company's Common Stock. In addition, the occurrence of any of the events described in these "Risk Factors" could have a material adverse effect on such market price. See "Price Range of Common Stock" in the Company's 1995 Form 10-K.

GENUS, INC.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit

Exhibit 11.1 - Computation of Net Income (Loss) Per Share

(b) Report on Form 8-K

No report on Form 8-K was filed during the period July 1, 1996 to

September 30, 1996.

GENUS, INC.

SIGNATURES

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

Date November 12, 1996

GENUS, INC.

James T. Healy

____

James T. Healy, President
and Chief Executive Officer

Ernest P. Quinones

____

Ernest P. Quinones
Acting Chief Financial Officer

GENUS, INC.

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Exhibit 11.1

GENUS, INC.
Computation of Net Income (Loss) Per Share (Unaudited)
(Amounts in thousands, except per share amounts)

</TABLE>
<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Average common shares outstanding	16,572	15,950	16,315	15,095
Computation of incremental outstanding shares				
Net effect of dilutive stock options based on treasury stock method	269	778	315	820
	16,841	16,728	16,630	15,915
Net income (Loss)	$(8,105)	$ 2,361	$(6,867)	$ 6,639
Net income (Loss) per share (a)	$ (.48)	$ .14	$ (.41)	$ .42

</TABLE>

Computation Notes:

(a) Presentation of fully diluted earnings per share for the three and nine months ended September 30, 1996 and 1995 is omitted because such amounts are materially the same as those presented above.

<TABLE> <S> <C>

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