



January 25, 2007

ClearOne Reports Fiscal 2007 Second Quarter Financial Results

SALT LAKE CITY--(BUSINESS WIRE)---ClearOne Communications, Inc. (OTC: CLRO.OB) today reported financial results for the second quarter of fiscal 2007 ended December 31, 2006.

For the fiscal 2007 second quarter, revenue increased to \$10.1 million from \$9.1 million in the same quarter of last year. Gross profit grew to \$5.2 million from \$4.6 million for the prior year period. Operating income was \$915,000 compared with an operating loss of \$413,000 in the same quarter last year. Net income was \$1.1 million, or \$0.09 per diluted share, compared with net income for the prior year period of \$81,000, or \$0.01 per diluted share, which included income from discontinued operations of \$157,000.

"During the second quarter, higher revenues and enhanced gross margins led to a significantly improved bottom line," said Zee Hakimoglu, president and chief executive officer of ClearOne. "We also successfully completed a tender offer, repurchasing more than one million shares of the company's common stock, and took an important step to facilitate future growth by moving to a new corporate headquarters that has increased space for product development."

For the first six months of fiscal 2007, revenue increased to \$19.5 million from \$17.9 million in the same period of fiscal 2006. Gross profit grew to \$10.3 million from \$9.4 million for the prior year period. Operating income was \$1.2 million compared with operating income of \$174,000 in the same period last year. Net income was \$1.8 million, or \$0.15 per diluted share, compared with net income for the prior year period of \$2.1 million, or \$0.17 per diluted share, which included income from discontinued operations of \$1.2 million.

At December 31, 2006, the company had cash, cash equivalents, and marketable securities of \$18.3 million and no long-term debt.

About ClearOne

ClearOne is a communications solutions company that develops and sells audio conferencing systems and other related products for audio, video, and web conferencing applications. The reliability, flexibility, and performance of ClearOne's comprehensive solutions create a natural communications environment, which saves organizations time and money by enabling more effective and efficient communication. For more information, visit ClearOne's website at www.clearone.com.

This release contains "forward-looking" statements that are based on present circumstances and on ClearOne's predictions with respect to events that have not occurred, that may not occur, or that may occur with different consequences and timing than those now assumed or anticipated. Such forward-looking statements, including statements regarding the company's ability to successfully commercialize newer products and enter new markets, are not guarantees of future performance or results and involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Such forward-looking statements are made only as of the date of this release and ClearOne assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements.

<http://www.b2i.us/irpass.asp?BzID=509&to=ea&s=0>

FINANCIAL TABLES FOLLOW

CLEARONE COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands of dollars, except per share amounts)

	December 31, 2006	June 30, 2006

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,840	\$ 1,240
Marketable securities	16,500	20,550
Accounts receivable	7,682	7,784
Note receivable	156	-
Inventories, net	5,909	6,614
Income tax receivable	2,392	2,607
Deferred income taxes, net	87	128
Prepaid expenses	322	255
Net Assets of Discontinued Operations	-	565

Total current assets	34,888	39,743
Property and equipment, net	2,817	1,647
Note receivable - long-term	126	-
Other assets	22	15

Total assets	\$ 37,853	\$ 41,405
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,083	\$ 2,597
Accrued liabilities	2,152	2,397
Deferred product revenue	4,711	5,871

Total current liabilities	8,946	10,865
Deferred Rent	933	-
Deferred income taxes, net	87	128

Total liabilities	9,966	10,993

Shareholders' equity:		
Common stock, par value \$0.001, 50,000,000 shares authorized, 11,072,349 and 12,184,727 shares issued and outstanding, respectively	11	12
Additional paid-in capital	48,479	52,764
Accumulated deficit	(20,603)	(22,364)

Total shareholders' equity	27,887	30,412

Total liabilities and shareholders' equity	\$ 37,853	\$ 41,405
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CLEARONE COMMUNICATIONS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) (in thousands of dollars, except per share amounts)

Three Months Ended Six Months Ended ----- December 31, December 31, December 31,

December 31, 2006 2005 2006 2005 -----

Product Revenue: \$ 10,107 \$ 9,102 \$ 19,518 \$ 17,880 -----

Cost of goods sold: 4,860 4,470 9,176 8,484 ----- Gross profit 5,247 4,632 10,342 9,396 --

Operating expenses: Marketing and selling 1,789 1,810 3,707 3,622 General and administrative 688 1,457 1,497 3,228
Settlement in shareholders' class action - - (1,205) Research and product development 1,855 1,778 3,934 3,577 -----
----- Total operating expenses 4,332 5,045 9,138 9,222 -----

Operating income (loss) 915 (413) 1,204 174 -----

Other income (expense), net: Interest income 283 186 590 345 Other, net 37 5 62 12 -----
Other income (expense), net: 320 191 652 357 -----

Income (loss) from continuing operations before income taxes 1,235 (222) 1,856 531 (Provision) benefit from income taxes
(155) 146 (136) 368 ----- Income (loss) from continuing operations 1,080 (76) 1,720 899 --

Discontinued operations: Income from discontinued operations 20 100 75 218 Gain on disposal of discontinued operations (13)
150 (10) 1,646 Income tax provision (3) (93) (24) (695) ----- Income from discontinued
operations: 4 157 41 1,169 -----

Net income \$ 1,084 \$ 81 \$ 1,761 \$ 2,068 =====

Basic earnings per common share from continuing operations \$ 0.09 \$ (0.01) \$ 0.14 \$ 0.08 Diluted earnings per common
share from continuing operations \$ 0.09 \$ (0.01) \$ 0.14 \$ 0.07

Basic earnings per common share from discontinued operations \$ 0.00 \$ 0.01 \$ 0.00 \$ 0.10 Diluted earnings per common
share from discontinued operations \$ 0.00 \$ 0.01 \$ 0.00 \$ 0.10

Basic earnings per common share \$ 0.09 \$ 0.01 \$ 0.15 \$ 0.18 Diluted earnings per common share \$ 0.09 \$ 0.01 \$ 0.15 \$ 0.17

Basic weighted average shares 11,922,641 12,184,727 12,053,745 11,734,485 Diluted weighted average shares 11,957,706
12,195,466 12,100,794 12,230,035

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