



May 17, 2010

ClearOne Reports First Quarter 2010 Financial Results

SALT LAKE CITY, May 17 /PRNewswire-FirstCall/ -- ClearOne Communications, Inc. (Nasdaq: CLRO) today reported financial results for the first quarter ended March 31, 2010.

Revenue for the 2010 first quarter increased to \$8.4 million from \$7.6 million in the same quarter of last year. Gross profit grew to \$5.2 million, or 62% of revenue, from \$4.1 million, or 53% of revenue, for the prior year period, primarily due to reduction in inventory write-offs and obsolescence. Operating income was \$457,000 compared with \$430,000 in the same period of fiscal 2009. Net income was \$217,000, or \$0.02 per diluted share, compared with \$360,000, or \$0.04 per diluted share.

"In the 2010 first quarter, revenue increased primarily due to the addition of NetStreams products to our portfolio, new product introductions and the continued rise in sales of our personal products," said Zee Hakimoglu, president, chief executive officer and chairman of ClearOne. "Operating expenses increased as we continued to make investments in both NetStreams sales channel and product development. We reduced general and administrative (G&A) expenses, if the reversal of contingent liabilities is excluded from G&A expenses in last year's first quarter, largely due to lower legal costs. Furthermore, we trimmed long-term inventory levels by more than \$1.0 million and our cash position remained strong at \$9.4 million, even after repaying \$2 million of debt assumed as part of the NetStreams acquisition."

About ClearOne

ClearOne is a global communications solutions company that develops and sells conferencing, collaboration, streaming media and connectivity systems and other related products for audio, video, and web applications. The reliability, flexibility, and performance of our comprehensive solutions enhance the quality of life through better communication, education and entertainment.

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.

Contact: ClearOne Communications, Inc.
Investor Relations
(801) 303-3555

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

FINANCIAL TABLES FOLLOW

CLEARONE COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars)

	(unaudited) March 31, 2010	(audited) December 31, 2009
ASSETS		

Current assets:		
Cash and cash equivalents	\$9,428	\$9,494
Receivables, net of allowance for doubtful accounts	6,636	6,571
Inventories, net	6,468	6,236
Deferred income taxes	3,152	3,128
Prepaid expenses and other assets	760	1,609
Total current assets	26,444	27,038
Long-term inventories	5,172	6,412
Property and equipment, net	3,059	3,246
Intangibles, net	3,008	3,095
Goodwill	726	726
Long-term deferred tax asset	1,093	1,037
Other assets	21	21
Total assets	\$39,523	\$41,575

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$1,586	\$2,304
Accrued liabilities	2,131	1,768
Current maturities of long-term debt	-	2,000
Deferred product revenue	4,836	4,707
Total current liabilities	8,553	10,779
Deferred rent	428	466
Other long-term liabilities	1,152	1,232
Total liabilities	10,133	12,477
Total shareholders' equity	29,390	29,098
Total liabilities and shareholders' equity	\$39,523	\$41,575

CLEARONE COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of dollars, except per share amounts)

(unaudited)

	Quarters ended March 31,	
	2010	2009
Revenue	\$8,356	\$7,602
Cost of goods sold	3,161	3,549
Gross profit	5,195	4,053
Operating expenses:		
Sales & Marketing	1,902	1,690
Research and product development	1,904	1,810
General and administrative	932	123
Total operating expenses	4,738	3,623

Operating income (loss)	457	430
Other expense (income), net	(132)	60
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Income before income taxes	325	490
Provision for income taxes	(108)	(130)
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Net Income	217	360
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Basic earnings (loss) per common share	\$0.02	\$0.04
Diluted earnings (loss) per common share	\$0.02	\$0.04
Basic weighted average shares outstanding	8,929,174	8,914,000
Diluted weighted average shares outstanding	9,036,225	9,032,383

SOURCE ClearOne Communications, Inc.