

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): August 13, 2012

ClearOne Communications, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Utah

(State or Other Jurisdiction of Incorporation)

001-33660

(Commission File Number)

87-0398877

(I.R.S. employer
identification number)

**5225 Wiley Post Way, Suite 500
Salt Lake City, Utah**

(Address of principal executive offices)

84116

(Zip Code)

(801) 975-7200

(Registrant's Telephone Number, Including Area Code)

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On August 13, 2012, ClearOne Communications, Inc. issued a press release announcing its financial results for the three and six months ended June 30, 2012. The full text of the press release is attached as Exhibit 99.1

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Press Release dated August 13, 2012 titled "ClearOne Reports 2012 Second Quarter Financial Results".



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 hereunto duly authorized.

CLEARONE COMMUNICATIONS, INC.

Date: August 21, 2012

By: /s/ Narsi Narayanan
Narsi Narayanan
Vice President of Finance

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CLEARONE REPORTS 2012 SECOND QUARTER FINANCIAL RESULTS

SALT LAKE CITY, UTAH — August 13, 2012 — ClearOne (NASDAQ: CLRO) today reported its financial results for the three and six months ended June 30, 2012.

For the 2012 second quarter, revenue was \$11.7 million compared with \$11.9 million for the second quarter of 2011. Gross profit was \$7.1 million, or 61% of revenue, compared with \$7.2 million, or 60% of revenue, for the second quarter of 2011. Operating expenses increased to \$6.0 million from \$5.3 million in the prior year second quarter. Operating income declined to \$1.1 million from \$1.9 million for the second quarter of last year. Net income declined to \$575,000, or \$0.06 per diluted share, from \$1.3 million, or \$0.14 per diluted share, for the 2011 second quarter. Non-GAAP net income decreased to \$905,000, or \$0.10 per diluted share, from \$1.7 million, or \$0.18 per diluted share, for the second quarter of 2011. Non-GAAP Adjusted EBITDA decreased to \$1.9 million, or \$0.20 per diluted share, from \$2.6 million, or \$0.27 per diluted share, for the second quarter of 2011.

For the first half of 2012, revenue was \$21.8 million compared with \$22.6 million for the same period in 2011. Gross profit was \$13.2 million, or 61% of revenue, compared with \$13.5 million, or 60% of revenue, for the first half of 2011. Operating expenses, excluding litigation proceeds, increased to \$11.6 million from \$10.4 million in the first six months of the prior year. Operating income declined to \$1.8 million from \$3.1 million for the same period in the previous year. Net income declined to \$1.0 million, or \$0.11 per diluted share, from \$2.1 million, or \$0.23 per diluted share, for the 2011 first half. Non-GAAP net income decreased to \$1.5 million, or \$0.17 per diluted share, from \$2.8 million, or \$0.30 per diluted share, for the first half of 2011. Non-GAAP Adjusted EBITDA decreased to \$3.1 million, or \$0.33 per diluted share, from \$4.5 million, or \$0.48 per diluted share, for the first half of 2011.

The reconciliation between GAAP and Non-GAAP measures is available in the tables attached to this release. The results for the first six months of 2012 included the operations of VCON, a video conferencing solutions company acquired in February 2012.

At June 30, 2012, the Company had cash and cash equivalents of \$10.4 million, and no debt after paying for the acquisition of VCON.

“Our financial performance for the 2012 second quarter met our expectations but did not match last year’s record-setting results, due to overall softness in all the markets in which we operate,” said Zee Hakimoglu, President, Chief Executive Officer and Chairman of ClearOne. “We continue to build and align our sales channel and internal sales organization for the new video solutions we are bringing to the market. The new products from our acquisition of VCON are in production and will be shipping under the ClearOne brand at the end of this month. The introduction of these new software-based video conferencing products complements our industry-leading enterprise audio, expands our total available market and we believe will make immediate contributions to ClearOne’s top-line.”



Recent Highlights:

- At InfoComm, ClearOne demonstrated COLLABORATE™, software-based video conferencing solutions for desktop, room, infrastructure and management to provide future-proof solutions for video and audio conferencing and collaboration.
- ClearOne introduced at InfoComm CONNECT™ AVB and CONNECT™ CobraNet™, its first network audio bridges to provide a modular approach for networked audio using ClearOne's flagship audio products.
- The company also unveiled at the tradeshow the Beamforming Microphone Array, the Pro Audio industry's first professional-grade microphone array with patent-pending audio beamforming with adaptive steering and next generation AEC technology.
- Also, Frost & Sullivan, recognized ClearOne with the 2012 Global Tabletop Audio Conferencing Endpoints Product Line Strategy Award. The award recognizes ClearOne's breadth of product line for emerging UC and VoIP trends for enterprise and SMBs. The Product Line Strategy Award criteria measured ClearOne's tabletop solutions against the competition in several categories, including breadth of product line, size of addressable customer base, impact on market share and breadth of applications and markets served. When compared to competitive solutions, the Frost & Sullivan analysis gave top ratings to ClearOne in every category, including a perfect score for breadth of applications and markets served.

Non-GAAP Financial Measures

ClearOne provides non-GAAP financial information in the form of Non-GAAP net income, EBITDA, Adjusted EBITDA and corresponding earnings per share to investors to supplement GAAP financial information. ClearOne believes that excluding certain items from GAAP results allows ClearOne's management to better understand ClearOne's consolidated financial performance from period to period as management does not believe that the excluded items are reflective of underlying operating performance. Non-GAAP net income, EBITDA, Adjusted EBITDA and corresponding earnings per share excludes certain costs and expenses, the details of which are provided in the tables below containing the reconciliation between GAAP and Non-GAAP financial measures. The exclusion of these items in the non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent, or unusual. ClearOne believes non-GAAP financial measures will provide investors with useful information to help them evaluate ClearOne's operating results and projections. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for operating income, net income or other financial measures prepared in accordance with GAAP. There are limitations to the use of non-GAAP financial measures. Other companies, including companies in ClearOne's industry, may calculate non-GAAP financial measures differently than ClearOne does, limiting the usefulness of those measures for comparative purposes. A detailed reconciliation of Non-GAAP net income to GAAP net income is included with this news release.

About ClearOne

ClearOne is a global company that designs, develops and sells conferencing, collaboration, streaming and digital signage solutions for audio, video and data multimedia communication. The performance and simplicity of its advanced comprehensive solutions enhance the quality of life. ClearOne products are designed for business and residential use, offering unprecedented levels of functionality, reliability and scalability. More information about the Company can be found 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 any statements of the plans and objectives of management for future operations, 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.

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

CLEARONE COMMUNICATIONS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Dollars in thousands, except par value)

	As of June 30, 2012 Unaudited	As of December 31, 2011 Audited
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,418	\$ 16,683
Receivables, net of allowance for doubtful accounts of \$61 and \$149, respectively	7,409	8,457
Inventories	15,064	12,565
Deferred income taxes	3,025	2,987
Prepaid expenses and other assets	1,501	740
Total current assets	37,417	41,432
Long-term inventories, net	2,064	1,905
Property and equipment, net	2,135	2,338
Intangibles, net	5,858	2,690
Goodwill		

Other assets		1,989		1,183
Total assets		\$ 49,477	\$	49,559

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:				
Accounts payable	\$	1,285	\$	2,814
Accrued liabilities		2,648		2,534
Deferred product revenue		3,451		3,404
Total current liabilities		7,384		8,752
Deferred income taxes		128		101
Deferred rent		487		494
Other long-term liabilities		686		548
Total liabilities		8,685		9,895
Shareholders' equity:				
Common stock, par value \$0.001, 50,000,000 shares authorized, 9,125,774 and 9,098,152 shares issued and outstanding, respectively		9		9
Additional paid-in capital		40,265		40,073
Treasury stock at cost - 22,814 shares as of June 30, 2012		(92)		-
Retained earnings (accumulated deficit)		610		(418)
Total shareholders' equity		40,792		39,664
Total liabilities and shareholders' equity	\$	49,477	\$	49,559

CLEARONE COMMUNICATIONS, INC. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Dollars in thousands, except per share value)

	Three months ended June 30,		Six Months ended June 30,	
	2012	2011	2012	2011
Revenue	\$ 11,655	\$ 11,890	\$ 21,809	\$ 22,591
Cost of goods sold	4,562	4,734	8,608	9,133
Gross profit	7,093	7,156	13,201	13,458
Operating expenses:				
Sales and marketing	2,254	2,106	4,388	4,089
Research and product development	2,029	1,816	4,037	3,453
General and administrative	1,686	1,361	3,191	2,833
Proceeds from litigation	-	-	(250)	-
Total operating expenses	5,969	5,283	11,366	10,375
Operating income	1,124	1,873	1,835	3,083
Other income (expense), net	(5)	7	11	18
Income before income taxes	1,119	1,880	1,846	3,101
Provision for income taxes	544	559	818	968
Net income	\$ 575	\$ 1,321	\$ 1,028	\$ 2,133
Basic earnings per common share	\$ 0.06	\$ 0.15	\$ 0.11	\$ 0.24
Diluted earnings per common share	\$ 0.06	\$ 0.14	\$ 0.11	\$ 0.23
Basic weighted average shares outstanding	9,107,420	8,992,500	9,102,786	8,962,171
Diluted weighted average shares outstanding	9,226,426	9,433,650	9,224,727	9,279,800

CLEARONE COMMUNICATIONS, INC. RECONCILIATION OF GAAP TO NON-GAAP NET INCOME (Dollars in thousands, except per share value)

	Three months ended June 30, 2012			Three months ended June 30, 2011		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenue	\$ 11,655	\$ -	\$ 11,655	\$ 11,890	\$ -	\$ 11,890
Cost of goods sold	4,562	-	4,562	4,734	-	4,734
Gross profit	7,093	-	7,093	7,156	-	7,156
Operating expenses:						
Sales and marketing	2,254	(17)	2,237	2,106	(6)	2,100
Research and product development	2,029	(10)	2,019	1,816	(4)	1,812
General and administrative	1,686	(534)	1,152	1,361	(479)	882
Proceeds from litigation	-	-	-	-	-	-
Total operating expenses	5,969	(561)	5,408	5,283	(489)	4,794

Operating income	1,124	561	1,685	1,873	489	2,362
Other income, net	(5)	-	(5)	7	-	7
Income before income taxes	1,119	561	1,680	1,880	489	2,369
Provision for income taxes	544	231	775	559	142	701
Net income	\$ 575	\$ 330	\$ 905	\$ 1,321	\$ 347	\$ 1,668
Basic earnings per common share	\$ 0.06		\$ 0.10	\$ 0.15		\$ 0.19
Diluted earnings per common share	\$ 0.06		\$ 0.10	\$ 0.14		\$ 0.18
Basic weighted average shares outstanding	9,107,420		9,107,420	8,992,500		8,992,500
Diluted weighted average shares outstanding	9,226,426		9,226,426	9,433,650		9,433,650

The adjustments consist of the following:

Share-based compensation	\$ 60		\$ 44
Amortization of purchased intangibles	224		87
Legal expenses for litigation relating to indemnification of former officers, intellectual property claims and our claim for damages	237		358
Acquisition related expenses	40		-
	561		489
Provision for income taxes affected by the above adjustments	231		142
Total adjustments	\$ 330		\$ 347

**CLEARONE COMMUNICATIONS, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INCOME
(Dollars in thousands, except per share value)**

	Six Months ended June 30, 2012			Six Months ended June 30, 2011		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Revenue	\$ 21,809	\$ -	\$ 21,809	\$ 22,591	\$ -	\$ 22,591
Cost of goods sold	8,608	(1)	8,607	9,133	-	9,133
Gross profit	13,201	1	13,202	13,458	-	13,458
Operating expenses:						
Sales and marketing	4,388	(30)	4,358	4,089	(10)	4,079
Research and product development	4,037	(17)	4,020	3,453	(8)	3,445
General and administrative	3,191	(1,005)	2,186	2,833	(942)	1,891
Proceeds from litigation	(250)	250	-	-	-	-
Total operating expenses	11,366	(802)	10,564	10,375	(960)	9,415
Operating income	1,835	803	2,638	3,083	960	4,043
Other income, net	11	-	11	18	-	18
Income before income taxes	1,846	803	2,649	3,101	960	4,061
Provision for (benefit from) income taxes	818	300	1,118	968	294	1,262
Net income	\$ 1,028	\$ 503	\$ 1,531	\$ 2,133	\$ 666	\$ 2,799
Basic earnings per common share	\$ 0.11		\$ 0.17	\$ 0.24		\$ 0.31
Diluted earnings per common share	\$ 0.11		\$ 0.17	\$ 0.23		\$ 0.30
Basic weighted average shares outstanding	9,102,786		9,102,786	8,962,171		8,962,171
Diluted weighted average shares outstanding	9,224,727		9,224,727	9,279,800		9,279,800

The adjustments consist of the following:

Share-based compensation	\$ 111		\$ 83
Amortization of purchased intangibles	351		175
Legal expenses for litigation relating to indemnification of former officers, intellectual property claims and our claim for damages	364		702
Acquisition related expenses	227		-
Proceeds from litigation	(250)		-
Total of adjustments before taxes	803		960
Income taxes affected by the above adjustments	300		294
Total adjustments	\$ 503		\$ 666

**CLEARONE COMMUNICATIONS, INC.
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP ADJUSTED EBITDA
(Dollars in thousands, except per share value)**

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
GAAP Net Income	\$ 575	\$ 1,321	\$ 1,028	\$ 2,133
<u>Adjustments:</u>				
Provision for (benefit from) for income taxes	544	559	818	968
Depreciation and Amortization	417	292	754	587
Non-GAAP EBITDA	1,536	2,172	2,600	3,688
Share-based compensation	60	44	111	83
Legal expenses for litigation relating to indemnification of former officers, intellectual property claims and our claim for damages	237	358	364	702
Acquisition related expenses	40	-	227	-
Proceeds from litigation	-	-	(250)	-
Non-GAAP Adjusted EBITDA	\$ 1,873	\$ 2,574	\$ 3,075	\$ 4,473
Basic weighted average shares outstanding	9,107,420	8,992,500	9,102,786	8,962,171
Diluted weighted average shares outstanding	9,226,426	9,433,650	9,224,727	9,279,800
Basic Adjusted EBITDA per common share	\$ 0.21	\$ 0.29	\$ 0.34	\$ 0.50
Diluted Adjusted EBITDA per common share	\$ 0.20	\$ 0.27	\$ 0.33	\$ 0.48