

CLEARONE COMMUNICATIONS INC
Form 10-Q
November 16, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2009

Commission file number: 001-33660

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

Utah 87-0398877
(State or other (I.R.S.
jurisdiction of employer
incorporation or identification
organization) number)

5225 Wiley Post Way,
Suite 500 84116
Salt Lake City, Utah
(Address of principal (Zip
executive offices) Code)

Registrant's telephone number, including area code: (801) 975-7200

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date. 8,929,041 shares issued and outstanding as of November 6, 2009

CLEARONE COMMUNICATIONS, INC.

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PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	(Unaudited) September 30, 2009	(Audited) June 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,060	\$ 9,801
Marketable securities	2,129	2,103
Receivables, net of allowance for doubtful accounts of \$103 and \$103, respectively	6,552	4,968
Inventories, net	9,713	7,075
Deferred income taxes	3,135	2,970
Prepaid expenses and other assets	1,318	1,398
Total current assets	30,907	28,315
Long-term inventory	4,759	8,559
Property and equipment, net	3,002	2,762
Long-term deferred tax asset	1,294	1,159
Other assets	56	58
Total assets	\$ 40,018	\$ 40,853
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,479	\$ 3,545
Accrued liabilities	2,161	2,380
Deferred product revenue	5,304	4,709
Total current liabilities	9,944	10,634
Deferred rent	506	544
Other long-term liabilities	1,224	1,189
Total liabilities	11,674	12,367
Shareholders' equity:		
Common stock, par value \$0.001, 50,000,000 shares authorized, 8,929,002 and 8,928,802 shares issued and outstanding, respectively	9	9
Additional paid-in capital	38,734	38,616
Accumulated other comprehensive income	21	6
Accumulated deficit	(10,420)	(10,145)
Total shareholders' equity	28,344	28,486
Total liabilities and shareholders' equity	\$ 40,018	\$ 40,853

See accompanying notes to unaudited condensed consolidated financial statements.

CLEARONE COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share amounts)
 (Unaudited)

	Three Months Ended September 30,	
	2009	2008
Revenue	\$ 7,646	\$ 11,082
Cost of goods sold	3,692	3,942
Gross profit	3,954	7,140
Operating expenses:		
Sales and marketing	1,603	1,977
Research and product development	1,668	1,776
General and administrative	1,329	1,072
Total operating expenses	4,600	4,825
Operating (loss) income	(646)	2,315
Total other income, net	67	65
(Loss) income from continuing operations before income taxes	(579)	2,380
Benefit from (provision for) income taxes	304	