UNITED STATES
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 March 31, 2002

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: 0-17219

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

Utah	87-0398877
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1825 Research Way, Salt Lake City, Utah	84119
(Address of principal executive offices)	(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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.

[X] Yes [ ] No

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

Class of Common Stock	May 1, 2002
$0.001 par value	10,269,117 shares

CLEARONE COMMUNICATIONS, INC.

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PART II - OTHER INFORMATION

PART I - FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

CLEARONE COMMUNICATIONS, INC.

CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2002	June 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,168,321	$ 6,852,243
Accounts receivable, net	14,024,584	7,212,970
Note receivable - current portion	167,459	71,423
Inventory	5,792,134	4,132,034
Deferred tax assets	247,402	247,402
Prepaid expenses	419,466	779,648
Total current assets	43,819,366	19,295,720
Property and equipment, net	3,992,612	3,696,615
Goodwill, net	2,897,513	2,633,732
Note receivable - long term portion	1,549,019	1,716,477
Other intangible assets, net	5,517,448	181,722
Deposits and other assets	73,301	73,357
Total assets	$ 57,849,259	$ 27,597,623
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,578,877	$ 568,782
Accrued compensation and other benefits	384,089	410,416
Income tax payable	472,192	421,749
Other accrued expenses	935,963	719,112
Current portion of capital lease obligations	60,614	181,827
Total current liabilities	3,431,735	2,301,886
Capital lease obligations	15,772	48,227
Deferred tax liability	746,000	746,000
Total liabilities	4,193,507	3,096,113
Shareholders' equity:		
Common stock, 50,000,000 shares authorized, par value $.001, 10,179,039 and 8,617,978 shares issued and outstanding at March 31, 2002 and June 30, 2001, respectively	10,179	8,618
Additional paid-in capital	33,140,847	8,962,699
Retained earnings	20,504,726	15,530,193
Total shareholders' equity	53,655,752	24,501,510
Total liabilities and shareholders' equity	$ 57,849,259	$ 27,597,623

See accompanying notes

CLEARONE COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited) Three Months Ended March 31, 2002		2001	
Product sales	$ 10,184,067	71.9%	$ 6,980,329	68.4%
1-800 LETS MEET(R)sales	3,987,089	28.1%	3,232,004	31.6%
Total net sales	14,171,156	100.0%	10,212,333	100.0%
Cost of goods sold - products	4,012,172	39.4%	2,630,342	37.7%
Cost of goods sold - 1-800 LETS MEET(R)	1,574,667	39.5%	1,697,645	52.5%
Total cost of goods sold	5,586,839	39.4%	4,327,987	42.4%
Gross profit	8,584,317	60.6%	5,884,346	57.6%
Operating expenses:				
Marketing and selling	2,763,581	19.5%	1,932,327	18.9%
General and administrative	1,542,983	10.9%	1,133,525	11.1%
Product development	1,122,973	7.9%	720,426	7.1%
Total operating expenses	5,429,537	38.3%	3,786,278	37.1%
Operating income	3,154,780	22.3%	2,098,068	20.5%
Other income (expense):				
Interest income	135,206	1.0%	100,360	1.0%
Interest expense	(8,370)	(0.1)%	(9,008)	(0.1)%
Other, net	18,230	0.1%	492	0.0%
Loss on foreign currency transactions	(216,436)	(1.5)%	(22,567)	(0.2)%
Total other income (expense)	(71,370)	(0.5)%	69,277	0.7%
Income from continuing operations before income taxes	3,083,410	21.8%	2,167,345	21.2%
Provision for income taxes	1,012,464	7.2%	808,313	7.9%
Income from continuing operations	2,070,946	14.6%	1,359,032	13.3%
Discontinued operations:				
Income from discontinued operations, net of applicable taxes of $143,953 in 2001	--		241,981	
Net income	$ 2,070,946		$ 1,601,013	
Basic earnings per common share from continuing operations	$ 0.20		$ 0.16	
Diluted earnings per common share from continuing operations	$ 0.20		$ 0.15	
Basic earnings per common share from discontinued operations	$ 0.00		$ 0.03	
Diluted earnings per common share from discontinued operations	$ 0.00		$ 0.03	
Basic earnings per common share	$ 0.20		$ 0.19	
Diluted earnings per common share	$ 0.20		$ 0.18	

See accompanying notes

CLEARONE COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF INCOME

	(Unaudited) Nine Months Ended March 31, 2002		2001	
Product sales	$ 26,349,104	69.4%	$ 21,039,045	72.0%
1-800 LETS MEET(R)sales	11,624,734	30.6%	8,186,667	28.0%
Total net sales	37,973,838	100.0%	29,225,712	100.0%
Cost of goods sold - products	10,098,524	38.3%	7,860,535	37.4%
Cost of goods sold - 1-800 LETS MEET(R)	5,127,409	44.1%	4,204,162	51.4%
Total cost of goods sold	15,225,933	40.1%	12,064,697	41.3%
Gross profit	22,747,905	59.9%	17,161,015	58.7%
Operating expenses:				
Marketing and selling	7,995,734	21.1%	5,755,899	19.7%
General and administrative	4,101,769	10.8%	3,630,578	12.4%
Product development	3,044,497	8.0%	1,760,921	6.0%
Total operating expenses	15,142,000	39.9%	11,147,398	38.1%
Operating income	7,605,905	20.0%	6,013,617	20.6%
Other income (expense):				
Interest income	313,588	0.8%	278,592	1.0%
Interest expense	(17,985)	0.0%	(32,442)	(0.1)%
Other, net	60,867	0.2%	17,950	0.1%
Loss on foreign currency transactions	(217,282)	(0.6)%	(12,017)	(0.1)%
Total other income (expense)	139,188	0.4%	252,083	0.9%
Income from continuing operations before income taxes	7,745,093	20.4%	6,265,700	21.5%
Provision for income taxes	2,770,560	7.3%	2,360,303	8.1%
Income from continuing operations	4,974,533	13.1%	3,905,397	13.4%
Discontinued operations:				
Income from discontinued operations, net of applicable taxes of $455,188 in fiscal 2001	--		765,156	
Net income	$ 4,974,533		$ 4,670,553	
Basic earnings per common share from continuing operations	$ 0.54		$ 0.45	
Diluted earnings per common share from continuing operations	$ 0.51		$ 0.43	
Basic earnings per common share from discontinued operations	$ 0.00		$ 0.09	
Diluted earnings per common share from discontinued operations	$ 0.00		$ 0.09	
Basic earnings per common share	$ 0.54		$ 0.54	
Diluted earnings per common share	$ 0.51		$ 0.52	

See accompanying notes

CLEARONE COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited) Nine Months Ended March 31, 2002	2001
Cash flows from operating activities:		
Net income from continuing operations	$ 4,974,533	$ 3,905,397
Adjustments to reconcile net income from continuing operations to net cash (used in) provided by continuing operating activities:		
Depreciation and amortization of property and equipment	909,795	771,751
Amortization of goodwill and other intangible assets	581,792	201,471
Provision for bad debts	46,423	468,199
Changes in operating assets and liabilities:		
Accounts receivable	(6,840,080)	(2,380,123)
Inventory	(1,052,100)	(1,403,196)
Income taxes	50,443	1,323,025
Other current assets	474,319	129,502
Accounts payable and other accrued expenses	770,888	(417,667)
Net cash (used in) provided by continuing operating activities	(83,987)	2,598,359
Cash flows from investing activities:		
Purchases of property and equipment	(1,184,063)	(1,142,854)
Purchase of business	(6,505,686)	(1,758,085)
Repayment of note receivable	71,422	--
Net cash used in investing activities	(7,618,327)	(2,900,939)
Cash flows from financing activities:		
Proceeds from issuance of common stock	23,843,317	15,095
Exercise of employee stock options	389,356	322,329
Repurchase of common stock	(52,964)	--
Principal payments on capital lease obligations	(161,317)	(188,040)
Net cash provided by financing activities	24,018,392	149,384
Net increase (decrease) in cash from continuing operations	16,316,078	(153,196)
Net cash flow from discontinued operations	--	819,817
Cash at the beginning of the year	6,852,243	5,374,996
Cash at the end of the period	$ 23,168,321	$ 6,041,617
Supplemental disclosure of cash flow information:		
Income taxes paid	$ (2,718,458)	$ (2,230,000)
Interest paid	$ (17,985)	$ (32,442)
Consideration paid in stock for purchase of business	$ --	$ 2,000,013

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2002
(Unaudited)

1. Basis of Presentation

Effective January 1, 2002, Gentner Communications Corp. changed its name to ClearOne Communications, Inc. ClearOne began trading under the symbol CLRO on March 15, 2002.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information, the instructions to Form 10-Q and Regulation S-X. Accordingly, certain information and footnote disclosures normally included in complete financial statements have been condensed or omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's 2001 Annual Report on Form 10-K.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of the results of operations to be expected for the full year.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations." SFAS 141 establishes new standards for accounting and reporting requirements for business combinations and supersedes APB Opinion No. 16, "Business Combinations" and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interest method is now prohibited. The statement applies to any business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001 or later, modifies the criteria for recognizing intangible assets and expands disclosure requirements. The Company has adopted this statement in accounting for the acquisition of Ivron Systems, Ltd. (Ivron) as of October 3, 2001.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets" which addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, "Intangible Assets." SFAS No. 142 eliminates amortization of goodwill and intangible assets with indefinite lives and instead sets forth methods to periodically evaluate goodwill for impairment. SFAS No. 142 provides guidance for testing goodwill and intangible assets that will not be amortized for impairment. The amortization provisions of Statement 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, companies are required to adopt Statement 142 in their fiscal year beginning after December 15, 2001 (i.e., January 1, 2002 for calendar year companies). The Company plans to adopt this statement on July 1, 2002 and, as such, the Company is continuing to evaluate the impact of this statement on its financial statements. Unamortized goodwill was approximately $2,898,000 as of March 31, 2002, of which $2,493,000 relates to the ClearOne acquisition which occurred on July 1, 2000 and which will continue to be amortized until June 30, 2002, and $405,000 relates to Ivron, which is not amortized in accordance with the provisions of SFAS No. 142. Amortization of goodwill was approximately $67,600 and $202,800 for the three and nine months ended March 31, 2002.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations and Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual, and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that opinion). The Company is required to adopt SFAS No. 144 effective July 1, 2002. The Company is currently evaluating the impact of this statement on its financial statements.

2. Earnings Per Common Share

The following table sets forth the computation of basic and diluted net income per share:

	Three months ended March 31, 2002	Three months ended March 31, 2001
Numerator:		
Income from continuing operations	$ 2,070,946	$ 1,359,032
Income from discontinued operations	--	241,981
Net income	$ 2,070,946	$ 1,601,013
Denominator:		
Denominator for basic net income per share - weighted average shares	10,158,894	8,610,375
Dilutive common stock equivalents using treasury stock method	455,945	436,914
Denominator for diluted net income per share - weighted average shares	10,614,839	9,047,289
Basic net income per share:		
Continuing operations	$ 0.20	$ 0.16
Discontinued operations	0.00	0.03
Basic net income per share	$ 0.20	$ 0.19
Diluted net income per share:		
Continuing operations	$ 0.20	$ 0.15
Discontinued operations	0.00	0.03
Diluted net income per share	$ 0.20	$ 0.18

	Nine months ended March 31, 2002	Nine months ended March 31, 2001
Numerator:		
Income from continuing operations	$ 4,974,533	$ 3,905,397
Income from discontinued operations	--	765,156
Net income	$ 4,974,533	$ 4,670,553
Denominator:		
Denominator for basic net income per share - weighted average shares	9,246,512	8,581,738
Dilutive common stock equivalents using treasury stock method	509,397	444,444
Denominator for diluted net income per share - weighted average shares	9,755,909	9,026,182
Basic net income per share:		
Continuing operations	$ 0.54	$ 0.45
Discontinued operations	0.00	0.09
Basic net income per share	$ 0.54	$ 0.54
Diluted net income per share:		
Continuing operations	$ 0.51	$ 0.43
Discontinued operations	0.00	0.09
Diluted net income per share	$ 0.51	$ 0.52

3. Comprehensive Income

Comprehensive income for the three-month and nine-month periods ended March 31, 2002 and 2001 was equal to net income.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and these accompanying notes. Actual results could differ from those estimates.

5. Inventory

Inventory is summarized as follows:

	(Unaudited) March 31, 2002	June 30, 2001
Raw Materials	$ 3,469,206	$ 2,500,098
Work in progress	551,140	195,149
Finished Goods	1,771,788	1,436,787
Total inventory	$ 5,792,134	$ 4,132,034

Total inventory is net of a reserve for obsolete and slow-moving inventory of $419,000 at March 31, 2002 and $226,000 at June 30, 2001.

6. Stock Options

The following table shows the changes in stock options outstanding.

	Number of Shares	Weighted Average Exercise Price
Options outstanding as of June 30, 2001	1,750,798	$ 8.37
Options granted	250,000	$ 11.47
Options exercised	(18,000)	$ 11.15
Options expired & canceled	(25,000)	$ 14.00
Options outstanding as of September 30, 2001	1,957,798	$ 8.67
Options granted	52,000	$ 28.20
Options exercised	(25,069)	$ 7.56
Options expired & canceled	(223,750)	$ 14.18
Options outstanding as of December 31, 2001	1,760,979	$ 8.43
Options granted	60,750	$ 15.89
Options exercised	(22,500)	$ 2.28
Options expired & canceled	(89,101)	$ 10.69
Options outstanding as of March 31, 2002	1,710,128	$ 8.69

7. Segment Reporting

As a result of the Company's April 2001 sale of its remote control product line, the Company has changed how it evaluates its operations internally, resulting in a change in its reported segments from those reported in its Forms 10-K and 10-Qs for fiscal 2001. Subsequent to the disposal, the Company operates in two distinct segments - Products and 1-800 LETS MEET(R). The Products segment includes products for conferencing; sound reinforcement; broadcast telephone interface; assistive listening applications; and, technical services related to the Company's products. The 1-800 LETS MEET(R) segment includes operator-assisted conferencing; on-demand, reservationless conference calling; Webconferencing; and, audio and video streaming. Information for the prior years has been reclassified to conform to this new method of evaluating segments and to show continuing and discontinued operations.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies included in the Company's 2001 Annual Report on Form 10-K.

The Company's reportable segments are strategic business units that offer products and services to satisfy different customer needs. They are managed separately because each segment requires focus and attention on its distinct market and distribution channels.

The following table summarizes the segment information:

	Products	1-800 LETS MEET(R)	Company Totals
Quarter Ended March 31, 2002:			
Net sales	$ 10,184,067	$ 3,987,089	$ 14,171,156
Cost of goods sold	4,012,172	1,574,667	5,586,839
Gross profit	6,171,895	2,412,422	8,584,317
Marketing and selling	1,862,725	900,856	2,763,581
General and administrative	940,738	602,245	1,542,983
Product development	1,122,973	-	1,122,973
Total operating expenses	3,926,436	1,503,101	5,429,537
Operating income	2,245,459	909,321	3,154,780
Other income (expense)			(71,370)
Income from continuing operations before income taxes			3,083,410
Provision for income taxes			(1,012,464)
Net income from continuing operations			$ 2,070,946
Quarter Ended March 31, 2001:			
Net sales	$ 6,980,329	$ 3,232,004	$ 10,212,333
Cost of goods sold	2,630,342	1,697,645	4,327,987
Gross profit	4,349,987	1,534,359	5,884,346
Marketing and selling	1,284,180	648,147	1,932,327
General and administrative	644,122	489,403	1,133,525
Product development	720,426	-	720,426
Total operating expenses	2,648,728	1,137,550	3,786,278
Operating income	1,701,260	396,808	2,098,068
Other income			69,277
Income from continuing operations before income taxes			2,167,345
Provision for income taxes			(808,313)
Income from continuing operations			1,359,032
Income from discontinued operations, net of applicable taxes of $143,953			241,981
Net income			$ 1,601,013

	Products	1-800 LETS MEET(R)	Company Totals
Year-to-Date At March 31, 2002:			
Net sales	$ 26,349,104	$ 11,624,734	$ 37,973,838
Cost of goods sold	10,098,524	5,127,409	15,225,933
Gross profit	16,250,580	6,497,325	22,747,905
Marketing and selling	5,516,525	2,479,209	7,995,734
General and administrative	2,421,836	1,679,933	4,101,769
Product development	3,044,497	-	3,044,497
Total operating expenses	10,982,858	4,159,142	15,142,000
Operating income	5,267,722	2,338,183	7,605,905
Other income			139,188
Income from continuing operations before income taxes			7,745,093
Provision for income taxes			(2,770,560)
Net income from continuing operations			$ 4,974,533
Year-to-Date At March 31, 2001:			
Net sales	$ 21,039,045	$ 8,186,667	$ 29,225,712
Cost of goods sold	7,860,535	4,204,162	12,064,697
Gross profit	13,178,510	3,982,505	17,161,015
Marketing and selling	3,865,200	1,890,699	5,755,899
General and administrative	2,492,406	1,138,172	3,630,578
Product development	1,760,921	-	1,760,921
Total operating expenses	8,118,527	3,028,871	11,147,398
Operating income	5,059,983	953,634	6,013,617
Other income			252,083
Income from continuing operations before income taxes			6,265,700
Provision for income taxes			(2,360,303)
Income from continuing operations			3,905,397
Income from discontinued operations, net of applicable taxes of $455,188			765,156
Net income			$ 4,670,553

8. Share Purchase Agreement for Ivron Systems, Ltd.

On October 3, 2001, the Company through its wholly owned subsidiary, Gentner Ventures, Inc., purchased all of the issued and outstanding shares of Ivron Systems, Ltd., of Dublin, Ireland ("Ivron"). Ivron was a privately-held developer of video conferencing technology and equipment. Under the terms of the original agreement, the shareholders of Ivron received approximately $6,000,000 at closing of the purchase. Further, under that agreement, after June 30, 2002, each former Ivron shareholder would be entitled to receive approximately .08 shares of ClearOne's common shares for each Ivron share previously held by such shareholder, provided that certain video product development contingencies were achieved. That represented approximately 429,000 shares of ClearOne's common stock. Thereafter, for the Company's completed fiscal years 2003 and 2004, the former Ivron shareholders would be entitled to share in up to approximately $17,000,000 of additional cash and stock consideration provided that certain agreed upon earnings per share targets for the Company were achieved. As part of the purchase, all outstanding options to purchase Ivron shares were cancelled in consideration for an aggregate cash payment of $650,000, allocated among the optionees on the basis of the number of options originally held by each such optionee. In addition, former optionees of Ivron who remain with Ivron are eligible to participate in a cash bonus program paid by Ivron, but based on the combined performance of the Company and Ivron in fiscal years 2003 and 2004. The maximum amount payable under this bonus program is up to approximately $1,000,000.

The value of the total consideration paid, $6,650,000 in cash, was determined based on arm's length negotiations between the Company and the Ivron shareholders, that took into account a number of factors of the business including historic revenues, operating history, products, intellectual property and other factors. The Company also incurred approximately $315,000 of direct acquisition costs.

As of the acquisition date, the Company acquired tangible assets consisting primarily of accounts receivable, inventory, and property and equipment of approximately $762,000. The Company assumed liabilities consisting primarily of trade accounts payable, accrued compensation and other accrued liabilities of approximately $437,000. The Company also acquired cash of approximately $459,000.

On March 26, 2002, the Company entered into negotiations with the former shareholders of Ivron to modify the terms of the original purchase agreement because, upon further analysis, certain aspects of the acquired technology may not meet the intended product objectives established by the Company in its original purchase negotiations. Originally, the Company expected to develop a full line of videoconferencing products, including an installed video codec product, based on the Ivron V-There(TM) technology platform. Given the results of its analysis, the Company has now identified an opportunity to collaborate in the development of a video codec, based on other readily-available technology, specifically designed for the high-end, installed videoconferencing market, that combines faster frames-per-second, built-in multipoint conferencing, and the Company's high-quality audio. The negotiations were based on the results of an analysis by the Company that although the Ivron platform is well-suited for the lower- to mid-priced videoconferencing products, it is not as well-suited for an installed video codec product. These negotiations resulted in an amendment to the original October 3, 2001 purchase agreement.

The amendment, which was finalized on April 8, 2002, eliminates the earn-out that the Ivron shareholders would have been entitled to receive after June 30, 2002 for approximately 429,000 shares and the $17 million earn-out in subsequent years. Instead, upon meeting certain gross profit targets for the "V-There", "Vu-Link" set top videoconferencing products, technologies, and variants and sub-elements thereof (including licensed products), the former Ivron shareholders may share in an earn-out of up to 109,000 shares of common stock of the Company, issuable in four installments, on a quarterly basis, through July 15, 2003. Therefore, with the amendment, the total purchase price will now include the original $6,650,000 in cash paid in October of 2001, the revised earn-out of up to 109,000 shares, and the original bonus to be paid in 2003 and 2004 of up to $1 million for the former option holders of Ivron, based on meeting certain performance targets.

Based on the modified purchase price determined under the terms of the amendment, the Company has recorded intangible assets of $5,780,000 related to developed technology and goodwill of $405,000. The useful lives and amounts of the amortizable developed technology are 3 years for $135,000, 5 years for $1,002,000, and 15 years for $4,643,000. Amortization expense of approximately $379,000 has been recorded for the developed technology for the period from October 3, 2001 to March 31, 2002. In accordance with SFAS No. 142, no amortization expense has been recorded for goodwill.

The operations of Ivron are included in the statement of income for the period from October 3, 2001 to March 31, 2002. The following pro forma combined financial information reflects operations as if the acquisition of Ivron had occurred as of July 1, 2000. The pro forma combined financial information is presented for illustrative purposes only, does not purport to be indicative of the Company's results of operations as of the date hereof, and is not indicative necessarily of what the Company's actual results of operations would have been had the acquisition been consummated on such date.

	Three months ended March 31, 2002	Three months ended March 31, 2001
Net sales from continuing operations	$ 14,171,156	$ 10,265,278
Net income from continuing operations	$ 2,070,946	$ 696,965

	============	============
Net income per share - basic from continuing operations........	$ 0.20	$ 0.08
Net income per share - dilutive from continuing operations.....	$ 0.20	$ 0.08

	Nine months ended March 31, 2002	2001
Net sales from continuing operations	$ 38,020,401	$ 29,780,657
Net income from continuing operations	$ 3,273,666	$ 1,586,328
Net income per share - basic from continuing operations	$ 0.35	$ 0.18
Net income per share - dilutive from continuing operations	$ 0.34	$ 0.18

9. Stock Repurchase Program

During April 2001, the Company announced that its board of directors had approved a stock repurchase program to purchase up to 500,000 shares of the Company's common stock over the next six months on the open market or in private transactions. During the fourth quarter of fiscal year 2001, the Company repurchased 15,300 shares on the open market. During fiscal year 2002, the Company repurchased 5,000 shares on the open market. All repurchased shares were retired. The stock repurchase program expired in October 2001.

10. Private Placement

On December 11, 2001, the Company closed a private placement, which was subsequently registered on Form S-3 with the Securities and Exchange Commission, of 1,500,000 shares of common stock. Gross proceeds from the private placement were $25,500,000, before costs and expenses associated with this transaction which totaled approximately $1,664,000.

The Company also issued warrants to purchase 150,000 shares of its common stock at $17.00 per share to its financial advisor. Such warrants were valued at approximately $1,556,000 using the Black Scholes method.

11. Definitive Merger Agreement to Acquire E.mergent

On January 21, 2002, the Company signed a definitive merger agreement to acquire E.mergent, Inc. (Nasdaq: EMRT), a provider of video conferencing products and related services. Under the terms of the agreement, E.mergent will merge into a subsidiary of the Company. The Company will pay $7.3 million in cash and will issue, or reserve for issuance upon the exercise of assumed stock options, 873,000 shares of the Company's common stock in exchange for all of E.mergent's fully diluted equity, including all outstanding E.mergent stock options to be assumed by the Company in connection with the merger. The actual amount of cash and the Company's shares exchanged for each outstanding E.mergent share will depend on the number of E.mergent shares and stock options outstanding at the time of the merger. The transaction will be accounted for as a purchase. Completion is subject to approval by E.mergent's stockholders and other closing conditions.

Additional information about the proposed merger is available in the Company's Form 8-K, filed with the Securities and Exchange Commission on February 6, 2002, and the registration statement on Form S-4, which has been filed to register the ClearOne common stock shares to be issued in the merger. Our registration statements, Amendment 3 to Form S-4, was declared effective by the Securities and Exchange Commission on May 7, 2002. The Company presently anticipates that, if all conditions to the merger are satisfied, the merger may be completed shortly after the E.mergent stockholder meeting, which is scheduled for May 31, 2002.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Effective January 1, 2002, we changed our name to ClearOne Communications, Inc. We began trading under the symbol CLRO on March 15, 2002.

We develop, manufacture, market and distribute products and services for the conferencing equipment, conferencing services, and broadcast markets. In the fourth quarter of fiscal year 2001, we changed our reportable operating segments to reflect how we evaluate our operating performance and allocate resources. Prior to the fourth quarter of fiscal year 2001, our reportable segments included RFM/Broadcast, Conferencing Products, Conferencing Services and Other. On April 12, 2001, we sold the assets of the remote control portion of the RFM/Broadcast division. Subsequent to this disposal, we report two segments - Products and 1-800 LETS MEET(R). In the Products segment, we have applied our core digital technology to the development of products for conferencing, sound reinforcement, assistive listening and broadcast applications. During fiscal 2001, we introduced the PSR1212, the XAP(TM) 800, the ClearOne(R) conference phone, and the VRC2500. As a result of our acquisition of Ivron Systems, Ltd. ("Ivron") on October 2001, we introduced the VuLink during the second quarter of fiscal 2002. These new products contributed to a 45.9% increase in product-based revenues in the third quarter of 2002 compared to the third quarter of fiscal 2001 and a 25.2% increase for the nine-month period ended March 31, 2002 compared to the nine-month period ended March 31, 2001. In the 1-800 LETS MEET(R) segment, we provide operator-assisted conferencing; on-demand, reservationless conference calling; Webconferencing; and audio and video streaming. We focus on increasing sales in this segment by adding to our direct sales force, and by engaging new resellers and new private label accounts. These efforts contributed to a 23.4% increase in service-based revenues in the third quarter of fiscal 2002 compared to the third quarter of fiscal 2001 and a 42.0% increase for the nine-month period ended March 31, 2002 compared to the nine-month period ended March 31, 2001. The 1-800 LETS MEET(R) segment includes revenues and expenses from the conferencing service bureau called 1-800 LETS MEET(R) as well as other private label business conducted by us.

Modified Purchase Agreement for Ivron Systems, Ltd.

As we previously announced, on October 3, 2001, we purchased all of the issued and outstanding shares of Ivron. Ivron was, at the time of the purchase, a privately-held developer of video conferencing technology and equipment with executive offices in Dublin, Ireland. As a result of the acquisition, we acquired a product already being sold by Ivron, the VuLink video conferencing product and we anticipated that this acquisition would help position us to develop a full-line of competitive video products including an installed video codec product, based on the Ivron technology platform; enhance audio sales; and, successfully enter the video conferencing market.

On March 26, 2002, we entered into negotiations with the former shareholders of Ivron to modify the terms of the original purchase agreement because, upon further analysis, certain aspects of the acquired technology may not meet the intended product objectives established in our original purchase negotiations. Given the results of our analysis, we have now identified an opportunity to collaborate in the development of a video codec, based on other readily-available technology, specifically designed for the high-end, installed videoconferencing market, that combines faster frames-per-second, built-in multipoint conferencing, and our high-quality audio. The negotiations were based on the results of an analysis by us that although the Ivron platform is well-suited for the lower- to mid-priced videoconferencing products, it is not as well-suited for an installed video codec product. These negotiations resulted in an amendment to the original October 3, 2001 purchase agreement.

The amendment, which was finalized on April 8, 2002, eliminates the earn-out that the Ivron shareholders would have been entitled to receive after June 30, 2002 for approximately 429,000 shares and the $17 million earn-out in subsequent years. Instead, upon meeting certain gross profit targets for the "V-There", "Vu-Link" set top videoconferencing products, technologies, and variants and sub-elements thereof (including licensed products), the former Ivron Shareholders may share in an earn-out of up to 109,000 shares of our common stock, issuable in four installments, on a quarterly basis, through July 15, 2003. Therefore, with the amendment, the total purchase price will now include the original $6.7 million in cash paid in October of 2001, the revised earn-out of up to 109,000 shares, and the original bonus to be paid in 2003 and 2004 of up to $1 million for the former option holders of Ivron, based on certain performance targets.

As of the acquisition date, we acquired tangible assets consisting primarily of accounts receivable, inventory, and property and equipment of approximately $762,000. We assumed liabilities consisting primarily of trade accounts payable, accrued compensation and other accrued liabilities of approximately $437,000. We also acquired cash of approximately $459,000.

Based on the modified purchase price determined under the terms of the amendment, we have recorded intangible assets of $5,780,000 related to developed technology and goodwill of $405,000. These allocations were based upon the final analysis by the independent financial consulting firm. The useful lives and amounts of the amortizable developed technology are 3 years for $135,000, 5 years for $1,002,000, and 15 years for $4,643,000. Amortization expense of approximately $379,000 has been recorded for the developed technology for the period from October 3, 2001 to March 31, 2002. In accordance with SFAS No. 142, no amortization expense has been recorded for goodwill.

Private Placement

On December 11, 2001, we closed a private placement of 1,500,000 shares of common stock. Gross proceeds from the private placement were $25,500,000, before costs and expenses associated with this transaction which totaled approximately $1,664,000. We also filed a Form S-3 registration statement with the Securities and Exchange Commission to allow the public resale of such shares. We plan to use the proceeds from the private placement for general corporate purposes, the funding of the proposed merger with E.mergent, Inc. described below, and the funding of other future acquisitions in furtherance of our strategy of considering suitable acquisitions to grow and diversify our business. The Company also issued warrants to purchase 150,000 shares of its common stock at $17.00 per share to its financial advisor. Such warrants were valued at approximately $1,556,000 using the Black Scholes method. See "Definitive Merger Agreement to Acquire E.mergent".

Discontinued Operations

On April 12, 2001, we sold the assets of the remote control portion of the RFM/Broadcast division to Burk Technology, Inc. of Littleton, MA ("Burk") for $3.2 million, including $750,000 in cash at closing, and $1.75 million in the form of a seven (7) year promissory note, with interest at the rate of nine percent (9%), secured by a subordinate security interest in the personal property of Burk. The gain associated with the note receivable is recognizable for book purposes but not for tax purposes until cash is received. As such, we have established a deferred tax liability for $511,000 in connection with this deferred gain. In addition, up to $700,000 more is payable by Burk as a commission over a period of up to seven years. The commission is based upon future net sales of Burk over base sales established within the agreement. This amount will be recognized as received. We realized a gain on the sale of $1,220,024, net of applicable income taxes of $725,788.

Summary operating results of the discontinued operations are as follows:

	Quarter Ended March 31, 2002	Quarter Ended March 31, 2001
Net sales	$ -	$ 731,358
Cost of goods sold	-	255,617
Marketing and selling	-	66,418
Product development	-	23,389
Income from discontinued operations before income taxes	-	385,934
Provision for income taxes	-	(143,953)
Income from discontinued operations	$ -	$ 241,981
Basic earnings per share from discontinued operations	$ 0.00	$ 0.03
Diluted earnings per share from discontinued operations	$ 0.00	$ 0.03

	Year-to-Date Ended March 31, 2002	Year-to-Date Ended March 31, 2001
Net sales	$ -	$ 2,359,185
Cost of goods sold	-	798,126
Marketing and selling	-	238,177
Product development	-	102,538
Income from discontinued operations before income taxes	-	1,220,344
Provision for income taxes	-	(455,188)
Income from discontinued operations	$ -	$ 765,156
Basic earnings per share from discontinued operations	$ 0.00	$ 0.09

Diluted earnings per share from discontinued operations.....	$	0.00	$	0.09

Consolidated Results of Continuing Operations

Sales from continuing operations in the third quarter of fiscal 2002 increased 38.8% to $14,171,156 from $10,212,333 in the third quarter of fiscal 2001. Sales from continuing operations for the nine-month period ended March 31, 2002 increased 29.9% to $37,973,838 from $29,225,712 for the nine-month period ended March 31, 2001.

Product revenues grew 45.9% in the third quarter of fiscal 2002 to $10,184,067 from $6,980,329 in the third quarter of fiscal 2001. Product revenues increased 25.2% for the first nine months of fiscal 2002 to $26,349,104 from $21,039,045 for the first nine months of fiscal 2001. This increase was mainly due to continued success of the Audio Perfect(R) product line, as well as the introduction of new products, including the PSR1212, the XAP(TM) 800, the XAP(TM) 400, the VuLink and the V There. The Audio Perfect(R) product line began shipping in April of 1998 with the AP800, and also includes the AP10, the AP400, AP Tools, the AP IR Remote, and the APV200-IP. During the second quarter of fiscal 2001, we began shipping the PSR1212, a digital matrix mixer for the sound reinforcement marketplace. During the fourth quarter of fiscal 2001, we introduced our next generation audio product--the XAP(TM) 800. Sales of these products have continued strongly into fiscal 2002. Examples of typical applications using our products are corporate conference rooms, distance learning rooms, and courtrooms. We have realized more of the revenue associated with such applications as a result of this expanded product line. Product revenues also include telephone interface products, which are used to connect telephone line audio to broadcast audio equipment, and assistive listening products, which provide enhanced audio for people with hearing difficulties.

The 1-800 LETS MEET(R) segment experienced sales growth of 23.4% in the third quarter of fiscal 2002 as compared to the third quarter of fiscal 2001. Revenues were $3,987,089 for the three-month period ended March 31, 2002 as compared to $3,232,004 for the three-month period ended March 2001. Revenues increased 42.0% for the first three quarters of fiscal 2002 to $11,624,734 from $8,186,667 for the first three quarters of fiscal 2001. We attributed the growth in sales in this segment to an increased customer base due in part to an increase in sales staff for marketing conference calling services, an increase in resellers selling our services, and an overall increase in market size during the past year. Our conference calling services are being marketed not only to corporate clients but also to telephone service providers for resale.

Our gross profit margin from continuing operations was 60.6% in the third quarter of fiscal 2002 compared to 57.6% in the third quarter of fiscal 2001. Our gross profit margin from continuing operations was 59.9% for the nine-month period ended March 31, 2002 compared to 58.7% for the nine-month period ended March 31, 2001. The increase in gross profit margins was driven by an increase in 1-800 LETS MEET(R) segment gross margins. 1-800 LETS MEET(R) segment margins increased as a result of effective price negotiations for lower network charges.

Our operating expenses increased 43.4% comparing the third quarter of fiscal 2002 to the third quarter of fiscal 2001. Continuing operations expenses for the third quarter of fiscal 2002 were $5,429,537, as compared to $3,786,278 for the third quarter of fiscal 2001. Continuing operations expenses increased 35.8% for the nine-month period ended March 31, 2002 to $15,142,000 from $11,147,398 for the nine-month period ended March 31, 2001.

Marketing and selling expenses for the third quarter of fiscal 2002 were $2,763,581 as compared to $1,932,327 for the third quarter of fiscal 2001. As a percentage of revenues, marketing and selling expenses increased to 19.5% for the third quarter of fiscal 2002, compared to 18.9% for the third quarter of fiscal 2001. Marketing and selling expenses for the first nine months of fiscal 2002 were $7,995,734 as compared to $5,755,899 for the first nine months of fiscal 2001. As a percentage of revenues, marketing and selling expenses increased to 21.1% for the nine-month period ended March 31, 2002, compared to 19.7% for the nine-month period ended March 31, 2001. The year-over-year increase in marketing and selling expenses was primarily due to our commitment to increase resources for marketing and selling to increase momentum for our new products and 1-800 LETS MEET(R) calling services.

Product development expenses increased 55.9% when comparing the third quarter of fiscal 2002 to the third quarter of fiscal 2001. Product development expenses for the third quarter of fiscal 2002 were $1,122,973, as compared to $720,426 for the third quarter of fiscal 2001. As a percentage of revenues, product development expenses increased to 7.9% for the third quarter of fiscal 2002 up from 7.1% for the third quarter of fiscal 2001. Product development expenses increased 72.9% when comparing the first nine months of fiscal 2002 to the first nine months of fiscal 2001. Product development expenses for the nine-month period ended March 31, 2002 were $3,044,497, as compared to $1,760,921 for the nine-month period ended March 31, 2001. As a percentage of revenues, product development expenses increased to 8.0% for the first three quarters of fiscal 2002 up from 6.0% for the first three quarters of fiscal 2001. The increase in product development expenses is due to increased salaries associated with additional personnel and development costs for new product development. The increase is also due to the additional engineers acquired in the Ivron purchase along with amortization expense associated with Ivron technology.

General and administrative expenses increased 36.1% for the third quarter of fiscal 2002 as compared to the third quarter of fiscal 2001. Expenses for the third quarter of fiscal 2002 were $1,542,983 as compared to $1,133,525 for the third quarter of fiscal 2001. General and administrative expenses were 10.9% of revenues for the third quarter of fiscal 2002, compared to 11.1% for the third quarter of fiscal 2001. General and administrative expenses increased 13.0% for the nine-month period ended March 31, 2002 as compared to the nine-month period ended March 31, 2001. Expenses for the first three quarters of fiscal 2002 were $4,101,769 as compared to $3,630,578 for the first three quarters of fiscal 2001. General and administrative expenses were 10.8% of revenues for the first three quarters of fiscal 2002, compared to 12.4% for the first three quarters of fiscal 2001. The increase in dollars was largely attributable to the costs incurred in hiring additional personnel to support increased sales volume and the infrastructure costs associated with the hiring of such new personnel.

Interest income increased 34.7% for the third quarter of fiscal 2002 as compared to the third quarter of fiscal 2001. Interest income increased 12.6% for the nine-month period ended March 31, 2002, compared to the same period ended March 31, 2001. These increases are due to the increase in cash and cash equivalents following a private placement of 1,500,000 shares of common stock which closed on December 11, 2001.

Interest expense decreased 7.1% when comparing the third quarter of fiscal 2002 to the third quarter of fiscal 2001. Interest expense decreased 44.6% when comparing the nine-month period ended March 31, 2002 to the nine-month period ended March 31, 2001. Such decreases are due to the maturing of certain of our capital leases.

During the third quarter of fiscal 2002, income tax expense for continuing operations was calculated at a combined federal and state effective tax rate of approximately 32.8%, resulting in an income tax expense of $1,012,464. This compares to the third quarter of fiscal 2001, where the effective tax rate was 37.3%, and the income tax expense for continuing operations was $808,313. There are several reasons for this decrease in our income tax rate, including the recognition of various tax planning opportunities, and certain tax-advantaged investments that we have utilized for the cash that was received from our private placement. Since the amount of cash invested in these tax-advantaged investments will be decreasing over the near term with our use of cash in the pending acquisition of E.mergent, the tax benefits associated with these investments will similarly decrease; therefore, the tax rate might increase in future periods. For the nine-month period ended March 31, 2002, income tax expense for continuing operations was calculated at a combined federal and state effective tax rate of approximately 35.8%, resulting in an income tax expense of $2,770,560. This compares to the nine-month period ended March 31, 2001, where the effective tax rate was 37.7%, and the income tax expense for continuing operations was $2,360,303.

Net income from continuing operations for the third quarter of fiscal 2002 was $2,070,946, or an increase of 52.4%, compared to net income from continuing operations of $1,359,032 for the third quarter of fiscal 2001. Net income from continuing operations for the nine-month period ended March 31, 2002 was $4,974,533, or an increase of 27.4%, compared to net income from continuing operations of $3,905,397 for the same period ended March 31, 2001. These results are due to increased revenues offset by increases in expenses as described above.

Financial Condition and Liquidity

We have cash and cash equivalents of $23.2 million on March 31, 2002, which represents an increase of $16.3 million compared to cash and cash equivalents of $6.9 million on June 30, 2001. Based upon continuing operations, net operating activities used cash of $0.2 million in the first nine months of fiscal 2002. The decrease in cash flow from operating activities from the prior year to the current year is a result of the increase in accounts receivable. The increase in accounts receivable is due to shipments late in the third quarter and the addition of 15 new dealers. We expect this increase to be temporary. Net investing activities used cash of $7.5 million primarily due to the purchase of Ivron on October 3, 2001. Net financing activities provided cash of $24.0 million, primarily due to proceeds from a private placement of 1,500,000 shares of common stock that closed December 11, 2001.

We have an available revolving line of credit of $5.0 million, which is secured by our accounts receivable and inventory. The interest rate on the line of credit is variable (250 basis points over the London Interbank Offered Rate (LIBOR) or prime less 0.25 percent, whichever we choose). The borrowing rate was 5.0% on March 31, 2002. There was no outstanding balance on March 31, 2002. The line of credit was renewed as of December 22, 2001 and will expire on December 22, 2002. Borrowings under the line of credit are subject to certain financial and operating covenants. We were in compliance with these covenants on March 31, 2002.

During April 2001, we announced that our board of directors had approved a stock repurchase program to purchase up to 500,000 shares of our common stock over the following six months. These purchases were to be discretionary on the part of management and were to be made on the open market or in private transactions. In the third quarter of fiscal 2002, we did not repurchase any shares. Prior to that time, we had repurchased and retired 20,300 shares. The stock repurchase program expired in October, 2001.

We believe that our working capital, bank line of credit and cash flows from operating activities will be sufficient to meet our operating and capital expenditure requirements for continuing operations for the next twelve months. In the longer term, or if we experience a decline in revenue, or in the event of other unforeseen events, we may require additional funds and may seek to raise such funds through public or private equity or debt financing, bank lines of credit, or other sources. No assurance can be given that additional financing will be available or, if available, will be on terms favorable to us.

Definitive Merger Agreement to Acquire E.mergent

On January 21, 2002, we signed a definitive merger agreement to acquire E.mergent, Inc. (Nasdaq: EMRT), a provider of video conferencing products and related services. Under the terms of the agreement, E.mergent will merge into a subsidiary of ours. We will pay $7.3 million in cash and will issue, or reserve for issuance upon the exercise of assumed stock options, 873,000 shares of our common stock in exchange for all of E.mergent's fully diluted equity, including all outstanding E.mergent stock options to be assumed by us in connection with the merger. The actual amount of cash and our shares exchanged for each outstanding E.mergent share will depend on the number of E.mergent shares and stock options outstanding at the time of the merger. The transaction will be accounted for as a purchase. Completion is subject to approval by E.mergent's stockholders and other closing conditions.

Additional information about the proposed merger is available in our Form 8-K, filed with the Securities and Exchange Commission on February 6, 2002, and our registration statement, filed as Amendment 3 to Form S-4, which the Securities and Exchange Commission declared effective on May 7, 2002. E.mergent has mailed a proxy statement/prospectus to its shareholders. E.mergent will hold a shareholders meeting on May 31, 2002 for the purpose of voting on the proposed merger. We presently anticipate that, if all conditions to completion of the merger are met including approval by the E.mergent shareholders, the merger will be completed soon after such approval.

Factors that May Affect Future Results

THIS QUARTERLY REPORT ON FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED. FORWARD-LOOKING STATEMENTS RELATE TO OUR FUTURE PLANS, OBJECTIVES, EXPECTATIONS, AND INTENTIONS. THESE STATEMENTS MAY BE RECOGNIZED BY THE USE OF WORDS SUCH AS "BELIEVES," "EXPECTS," "MAY," "WILL," "INTENDS," "PLANS," "SHOULD," "SEEKS," "ANTICIPATES," AND SIMILAR EXPRESSIONS. IN PARTICULAR, STATEMENTS REGARDING OUR MARKETS AND MARKET SHARE, DEMAND FOR OUR PRODUCTS AND SERVICES, FCC ACTIONS, MANUFACTURING CAPACITY AND COMPONENT AVAILABILITY, AND THE DEVELOPMENT AND INTRODUCTION OF NEW PRODUCTS AND SERVICES ARE FORWARD-LOOKING STATEMENTS AND SUBJECT TO MATERIAL RISKS. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF THE FACTORS SET FORTH BELOW AND THE MATTERS SET FORTH IN THE REPORT GENERALLY. WE CAUTION THE READER, HOWEVER, THAT THIS LIST OF FACTORS MAY NOT BE EXHAUSTIVE, PARTICULARLY WITH RESPECT TO FUTURE FACTORS. ANY FORWARD-LOOKING STATEMENTS ARE MADE PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND, AS SUCH, SPEAK ONLY AS OF THE DATE MADE. WE UNDERTAKE NO RESPONSIBILITY TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENTS FOR ANY REASON, EVEN IF NEW INFORMATION BECOMES AVAILABLE OR OTHER EVENTS OCCUR IN THE FUTURE.

We face intense competition in the audio and videoconferencing industries, and our operating results will be harmed if we cannot compete effectively against other companies.

The markets for our products and services are highly competitive. These markets include our traditional dealer channel, the market for our conferencing services, and our retail channel. We compete with businesses having substantially greater financial, research and development, manufacturing, marketing, and other resources. We expect our competitors to continue to improve the performance of their current products or services, to reduce their current products or service sales prices, and to introduce new products or services that may offer greater performance and improved pricing. To remain competitive, we are required to devote substantial resources to maintaining product and services offerings that include current technology and advanced features, but it is possible these efforts will not be sufficient to keep pace with competitors' efforts to improve their technology and product features. If we are not able to continually design, manufacture, and successfully introduce new or enhanced products or services that are comparable or superior to those provided by other companies, we could experience pricing pressures and reduced sales, margin, profits, and market share, each of which could materially harm our business.

Difficulties in estimating customer demand in our product segment could harm our profit margins.

Orders from our resellers are based on demand from end-users. Prospective end-user demand is difficult to measure. This means that any period could be adversely impacted by low end-user demand, which could in turn negatively affect orders we receive from resellers. Our expectations for both short- and long-term future net revenues are based on our own estimates of future demand as well as backlog based on our blanket purchase order program in which certain dealers commit to purchase specified quantities of products over a twelve-month period. We also base expense levels on those revenue estimates. If our estimates of sales are not accurate and we experience unforeseen variability in our revenues and operating results, it will hamper our ability to manage expense levels accordingly, thereby adversely affecting profit margins.

Our profitability may be adversely affected by our continuing dependence on our distribution channel.

We market our products primarily through a network of dealers and master distributors. All of our agreements regarding such dealers and distributors are non-exclusive and terminable at will by either party. We cannot be assured that any or all such dealers or distributors will continue to offer our products.

Price discounts to our distribution channel are based on performance. However, there are no obligations on the part of such dealers and distributors to provide any specified level of support to our products or to devote any specified time, resources or efforts to the marketing of our products. There are no prohibitions on dealers or distributors offering products that are competitive with our products. Most dealers do offer competitive products. We reserve the right to maintain house accounts, which are for products sold directly to customers. The loss of dealers or distributors could have a material adverse effect on our business.

Our reseller customer contracts are typically short-term and early terminations of our contracts may cause our revenues to decline and harm our profit margins.

We do not typically enter into long-term contracts with our reseller customers, and we cannot be certain as to future order levels from our reseller customers. When we do enter into a long-term contract, the contract is generally terminable at the convenience of the customer. In the event of an early or unanticipated termination by one of our larger reseller customers, it is unlikely that we will be able to rapidly replace that revenue source or rapidly reduce our expense levels to compensate for such loss of revenues, both of which would harm our net revenues and profit margins.

Service interruptions could negatively affect revenues from our conference calling services business.

We rely heavily on our network equipment, telecommunications providers, data, and software to support all of our functions. Our conference calling services business, which produced 29.3% of our revenues during our last fiscal year, relies 100 percent on our network equipment for our revenues. We cannot guarantee that our back-up systems and procedures will operate satisfactorily in an emergency. Should we experience such a material failure of our equipment or the services of our telecommunications providers, it would substantially affect revenues and could seriously jeopardize our ability to continue operations. In particular, should our conference calling service experience even a short term interruption of our network or telecommunication providers, our ongoing customers may choose a different provider, and our reputation may be damaged, reducing our ability to retain current customers and attract new customers.

We depend on a limited number of suppliers for components and the inability to obtain sufficient components could adversely affect our product sales.

Certain electronic components used in connection with our products can only be obtained from single manufacturers and we are dependent upon the ability of these manufacturers to deliver such components to our suppliers so that they can meet our delivery schedules. We do not have a written commitment from such suppliers to fulfill our future requirements. Our suppliers maintain an inventory of such components, but there can be no assurance that such components will always be readily available, available at reasonable prices, available in sufficient quantities, or deliverable in a timely fashion. If such key components become unavailable, it is likely that we will experience delays, which could be significant, in production and delivery of our products unless and until we can otherwise procure the required component or components at competitive prices, if at all. The lack of availability of these components could have a materially adverse effect on our ability to sell products.

We have experienced long component lead times in the past, but we are experiencing improved lead times on many products. Even though we have purchased more of these "longer-lead-time" parts to ensure continued delivery of products, reduction in these inventories has tracked with the reduction of lead times. Suppliers of some of these components are currently or may become our competitors, which might also affect the availability of key components to us.

It is possible that other components required in the future may necessitate custom fabrication in accordance with specifications developed or to be developed by us. Also, in the event we, or any of the manufacturers whose products we expect to utilize in the manufacture of our products, are unable to develop or acquire components in a timely fashion, our ability to achieve production yields, revenues and net income may be adversely affected.

Product development delays could harm our competitive position and reduce our revenues.

We may experience technical difficulties and delays with the development and introduction of new products. The products developed by us involve sophisticated and complicated components and manufacturing techniques involving new technologies. Potential difficulties in the development process that could be experienced by us include difficulty in meeting required specifications, hiring a sufficient number of developers, discovery of software bugs, and achieving necessary manufacturing efficiencies. We have experienced product development delays associated with our video conferencing products. If we are not able to manage and minimize such potential difficulties, our sales could be negatively affected.

Delays in the distribution process could have an adverse effect on our sales.

Our sales are dependent in part on our ability to provide prompt, accurate, and complete services to customers on a timely and competitive basis. Delays in distribution in our day-to-day operations or material increases in costs of procuring and delivering products could have an adverse effect on our ability to generate revenues from product sales. Any failure of our computer operating systems, the Internet or our telephone system could adversely affect our ability to receive and process customers' orders and ship products on a timely basis. Strikes, termination of air travel, or other service interruptions affecting Federal Express Corporation, United Parcel Service of America, Inc., or other common carriers used by us to receive necessary components or other materials or to ship our products also could impair our ability to deliver products on a timely and cost-effective basis. Such failures would likely negatively affect our sales and net revenues.

If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur expenses to enforce our rights.

We currently rely primarily on a combination of trade secrets, copyrights, trademarks, and nondisclosure agreements to establish and protect our proprietary rights in our products. We cannot assure that others will not independently develop similar technologies, or duplicate or design around aspects of our technology. We believe that our products and other proprietary rights do not infringe upon any proprietary rights of third parties. We cannot assure you, however, that third parties will not assert infringement claims in the future. Such claims could divert our management's attention and be expensive, regardless of their merit. In the event of a claim, we might be required to license third party technology or redesign our products, which may not be possible or economically feasible.

Existing directors and officers can exert considerable control over us.

Our officers and directors together had beneficial ownership of approximately 21.5% of our common stock (including options that are currently exercisable or exercisable within sixty (60) days) as of May 1, 2002. Assuming our officers' and directors' actual beneficial ownership remained unchanged until completion of the merger with E.mergent, together they would have beneficial ownership of approximately 19.8% of our common stock after the merger. This significant holding in the aggregate places the officers and directors in a position, when acting together, to have substantial control over us and could delay or prevent a change in control.

International sales are accounting for a portion of our net revenue, and risks inherent in international sales could harm our business.

International sales represent a significant portion of our total revenue from continuing operations. For example, international sales represented 10% of our total sales for the third quarter of fiscal 2002 and 13% for the third quarter of fiscal 2001. International sales represented 10% of our total sales for the nine-month period ended March 31, 2002 and 12% for the nine-month period ended March 31, 2001. Our international business is subject to the financial and operating risks of conducting business internationally, including: unexpected changes in, or imposition of, legislative or regulatory requirements; fluctuating exchange rates, tariffs and other barriers; difficulties in staffing and managing foreign subsidiary operations; export restrictions; greater difficulties in accounts receivable collection and longer payment cycles; potentially adverse tax consequences; and, potential hostilities and changes in diplomatic and trade relationships.

Our sales in the international market are denominated in U.S. Dollars and Gentner EuMEA transacts business in U.S. Dollars, however, its financial statements are prepared in the Euro, according to German accounting principles. Although conversion to the Euro has eliminated currency exchange rate risk for transactions between the member countries, consolidation of Gentner EuMEA's financial statements with ours, under United States generally accepted accounting principles, requires remeasurement to U.S. Dollars, which is subject to exchange rate risks. We currently do not undertake any hedging activities that might protect against such risks.

The continued integration of our subsidiaries and the integration of any additional acquired businesses involve uncertainty and risk.

Following the acquisition of Ivron in October 2001, we have dedicated substantial management resources in order to achieve the anticipated operating efficiencies from integrating Ivron with us. The merger with E.mergent will result in additional demands on management resources that could prolong or adversely affect the successful integration of Ivron. In addition, we intend to pursue acquisition opportunities in the future. The integration of such acquired businesses could require substantial management resources. There can be no assurance that any such integration will be accomplished without having a short or potentially long-term adverse impact on our business, results of operations or financial condition or that the benefits expected from any such integration will be fully realized.

New Accounting Pronouncements

In July 2001, the FASB issued SFAS No. 141, "Business Combinations." SFAS 141 establishes new standards for accounting and reporting requirements for business combinations and supersedes APB Opinion No. 16, "Business Combinations" and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interest method is now prohibited. The statement applies to any business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001 or later, modifies the criteria for recognizing intangible assets and expands disclosure requirements. We have adopted this statement in accounting for the acquisition of Ivron Systems, Ltd. as of October 3, 2001.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets" which addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, "Intangible Assets." SFAS No. 142 eliminates amortization of goodwill and intangible assets with indefinite lives and instead sets forth methods to periodically evaluate goodwill for impairment. SFAS No. 142 provides guidance for testing goodwill and intangible assets that will not be amortized for impairment. The amortization provisions of Statement 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, companies are required to adopt Statement 142 in their fiscal year beginning after December 15, 2001 (i.e., January 1, 2002 for calendar year companies). Early adoption is permitted for companies with fiscal years beginning after March 15, 2001 provided that their first quarter financial statements have not been issued. We plan to adopt this statement on July 1, 2002 and, as such, we are continuing to evaluate the impact of this statement on our financial statements. Unamortized goodwill was approximately $2,898,000 as of March 31, 2002, of which $2,493,000 relates to the ClearOne acquisition which occurred on July 1, 2000 and which will continue to be amortized until June 30, 2002, and $405,000 relates to Ivron, which is not amortized in accordance with the provisions of SFAS No. 142. Amortization of goodwill was approximately $67,600 and $202,800 for the three and nine months ended March 31, 2002.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This Statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations and Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual, and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business (as previously defined in that opinion). We are required to adopt SFAS No. 144 effective July 1, 2002. We are currently evaluating the impact of this statement on our financial statements.

Item 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of changes in value of a financial instrument, derivative or non-derivative, caused by fluctuations in interest rates, foreign exchange rates and equity prices. Changes in these factors could cause fluctuations in the results of our operations and cash flows. In the ordinary course of business, we are exposed to foreign currency and interest rate risks. These risks primarily relate to the sale of products and services to foreign customers and changes in interest rates on our capital leases.

We currently have limited market risk sensitive instruments related to interest rates. Our capital lease obligations total $76,000 at March 31, 2002. We do not have significant exposure to changing interest rates on these capital leases because interest rates for the majority of the capital leases are fixed. We have not undertaken any additional actions to cover interest rate market risk and are not a party to any other interest rate market risk management activities. A hypothetical 10 percent change in market interest rates over the next year would not impact our earnings or cash flows as the interest rates on the majority of the capital leases are fixed.

We do not purchase or hold any derivative financial instruments for trading purposes.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER	DESCRIPTION
2.1	Share Purchase Agreement dated October 3, 2001, among Gentner Communications Corporation, Gentner Ventures, Inc. and the Shareholders of Ivron Systems, Ltd. (incorporated by reference from the Company's Current Report on Form 8-K filed October 18, 2001)
2.2	Agreement and Plan of Merger dated January 21, 2002 between ClearOne Communications, Inc., its wholly-owned subsidiary, Tundra Acquisitions Corporation, and E.mergent, Inc. and the Voting Agreement dated January 21, 2002, between ClearOne Communications, Inc., Tundra Acquisitions Corporation and Robin Sheeley, James W. Hansen, Richard F. Craven and Jill Larson (incorporated be reference from the Company's Current Report on Form 8-K filed February 6, 2002)
2.3	Amendment to the Share Purchase Agreement dated April 8, 2002 between ClearOne Communications, Inc. and the shareholders of Ivron Systems, Ltd. (incorporated by reference from the Company's Current Report on Form 8-K filed April 10, 2002)
3.1 1	Articles of Incorporation and all amendments thereto through March 1, 1988. (Page 10) (incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1989)
3.2 1	Amendment to Articles of Incorporation, dated July 1, 1991. (Page 65) (incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991)
3.3 1	Bylaws, as amended on August 24, 1993. (Page 16) (incorporated by reference from the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1993)
3.4 1	Amendment to Articles of Incorporation, dated December 12, 2001 (incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2001)
4.1	Form of Stock Purchase Agreement for private placement transaction (incorporated by reference from the Company's registration statement on Form S-3 filed November 23, 2001)

1 Denotes exhibits specifically incorporated into this Form 10-Q by reference, pursuant to Regulation S-K, Item 10. These documents are located under File No. 0-17219 and are located at the Securities and Exchange Commission, Public Reference Branch, 450 South 5th St., N.W., Washington, DC 20549.

(b) Reports on Form 8-K

A report on Form 8-K was filed February 1, 2002, to announce ClearOne Communications, Inc.'s financial results for the fiscal quarter ended December 31, 2001.

A report on Form 8-K was filed February 6, 2002, to announce the acquisition of E.mergent, Inc. The report included (1) the Agreement and Plan of Merger dated as of January 21, 2002 between ClearOne Communications, Inc., its wholly-owned subsidiary, Tundra Acquisitions Corporation, and E.mergent, Inc.; and (2) the Voting Agreement dated as of January 21, 2002, between ClearOne Communications, Inc., Tundra Acquisitions Corporation and Robin Sheeley, James W. Hansen, Richard F. Craven and Jill Larson.

A report on Form 8-K was filed March 21, 2002, to announce the appointment of Andrew S. Fellows as its Vice President of Services.

A report on Form 8-K was filed April 10, 2002, to announce the Amendment to the Share Purchase Agreement between ClearOne Communications, Inc. and the shareholders of Ivron Systems, Ltd. dated April 8, 2002.

A report on Form 8-K was filed April 23, 2002, to announce ClearOne

Communications, Inc.'s financial results for the fiscal quarter ended March 31, 2002.

SIGNATURES

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

CLEARONE COMMUNICATIONS, INC.

/s/ Randall J. Wichinski

Randall J. Wichinski
Chief Financial Officer and Vice President

Date: May 15 2002