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 June 30, 2005

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: 0-24277

CLARUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	58-1972600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One Landmark Square
Stamford, Connecticut 06901
(Address of principal executive offices)
(Zip code)

(203) 428-2000
(Registrant's telephone number, including area code)

Indicate by check mark 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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES|X| NO |_|

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). YES |X| NO |_|

As of July 20, 2005, there were outstanding 16,792,170 shares of Common Stock, par value $0.0001.

INDEX

<TABLE>
<CAPTION>
CLARUS CORPORATION

PART I   FINANCIAL INFORMATION
- ---------   -------------------------------------
<S>   <C>

</TABLE>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CLARUS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

<S>	JUNE 30, 2005 <C>	DECEMBER 31, 2004 <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 29,478	$ 48,377
Marketable securities	53,550	35,119
Interest receivable	194	350
Prepaids and other current assets	234	182
Total current assets	83,456	84,028
PROPERTY AND EQUIPMENT, NET	2,155	2,367
OTHER ASSETS:		
Deposits and other long-term assets	41	42
TOTAL ASSETS	$ 85,652	$ 86,437
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 732	$ 1,468
Total current liabilities	732	1,468
LONG-TERM LIABILITIES:		
Deferred rent	171	115
Total liabilities	903	1,583

STOCKHOLDERS' EQUITY:		
Preferred stock, $.0001 par value; 5,000,000 shares authorized; none issued	--	--
Common stock, $.0001 par value; 100,000,000 shares authorized; 16,867,170 and 16,734,947 shares issued and 16,792,170 and 16,659,947 outstanding in 2005 and 2004, respectively	2	2
Additional paid-in capital	368,688	368,385
Accumulated deficit	(280,562)	(279,656)
Treasury stock, at cost	(2)	(2)
Accumulated other comprehensive income	(114)	(130)
Deferred compensation	(3,263)	(3,745)
Total stockholders' equity	84,749	84,854
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 85,652	$ 86,437

</TABLE>

SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
REVENUES:	$ --	$ --	$ --	$ --
Total revenues	--	--	--	--
OPERATING EXPENSES:				
General and administrative	1,001	1,202	1,787	1,924
Depreciation and amortization	81	14	166	14
Total operating expenses	1,082	1,216	1,953	1,938
OPERATING LOSS	(1,082)	(1,216)	(1,953)	(1,938)
OTHER INCOME(EXPENSE)	(2)	--	(2)	17
INTEREST INCOME	568	253	1,049	487
NET LOSS	$ (516)	$ (963)	$ (906)	$ (1,434)
Loss per common share:				
Basic	$ (0.03)	$ (0.06)	$ (0.06)	$ (0.09)
Diluted	$ (0.03)	$ (0.06)	$ (0.06)	$ (0.09)
Weighted average shares outstanding:				
Basic	16,292	16,082	16,292	16,082
Diluted	16,292	16,082	16,292	16,082

</TABLE>

SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CLARUS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, 2005	SIX MONTHS ENDED JUNE 30, 2004
OPERATING ACTIVITIES:		
Net loss	$ (906)	$ (1,434)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization on property and equipment	166	14
Amortization of deferred employee compensation	157	478
Amortization of premium and discount on securities, net	3	707
Gain on sale of marketable securities	--	(17)
Changes in operating assets and liabilities:		
Accrued interest receivable, prepaids and other current assets	104	(725)
Accounts payable and accrued liabilities	(682)	(484)
Deferred rent	56	--
Deposits and other long-term assets	1	41
NET CASH USED IN OPERATING ACTIVITIES	(1,101)	(1,420)
INVESTING ACTIVITIES:		
Purchases of marketable securities	(35,688)	(47,587)
Proceeds from sale of marketable securities	--	51,244
Proceeds from maturity of marketable securities	17,270	19,076
Increase in transaction costs	--	(97)
Additions to property and equipment	(8)	(1,514)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(18,426)	21,122
FINANCING ACTIVITIES:		
Proceeds from the exercises of stock options	628	51
NET CASH PROVIDED BY FINANCING ACTIVITIES	628	51
CHANGE IN CASH AND CASH EQUIVALENTS	(18,899)	19,753
CASH AND CASH EQUIVALENTS, Beginning of Period	48,377	15,045
CASH AND CASH EQUIVALENTS, End of Period	$ 29,478	$ 34,798

SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING, INVESTING AND FINANCING ACTIVITIES:

	2005	2004
Increase in property and equipment included in accounts payable and accrued liabilities	$ --	$ 920
Increase in transaction costs included in other assets and accounts payable and accrued liabilities	--	1,401
Issuance of Restricted Stock	$ 50	$ 50

</TABLE>

SEE ACCOMPANYING NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CLARUS CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Clarus Corporation and subsidiaries ("Clarus" or the "Company," which may be referred to as "we," "us," or "our") as of and for the three and six months ended June 30, 2005 and 2004, have been prepared in accordance with accounting principles generally accepted in the United States of America and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information in notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the unaudited condensed consolidated financial statements have been included. The results of the three and six months ended June 30, 2005 are not necessarily indicative of the results to be obtained for the year ending December 31, 2005. These interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and footnotes thereto included in the Company's Form 10-K for the fiscal year ended December 31, 2004, filed with the Securities and Exchange Commission.

NOTE 2. SIGNIFICANT EVENTS

As part of our previously announced strategy to limit operating losses and enable the Company to redeploy its assets and use its substantial cash and cash equivalent assets to enhance stockholder value, on December 6, 2002, we sold substantially all of our electronic commerce business, which represented substantially all of our revenue-generating operations and related assets. During January 2003, we sold the assets relating to our Cashbook product representing the remainder of our operating assets.

We are currently working to identify suitable merger partners or acquisition opportunities. Although we are not targeting specific business industries for potential acquisitions, we plan to seek businesses with substantial cash flow, experienced management teams, and operations in markets offering substantial growth opportunities.

NOTE 3. EARNINGS (LOSS) PER SHARE

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for each period. Diluted net loss per share attributable to common stockholders is computed by giving effect to all potentially dilutive securities, including options, warrants and redeemable convertible preferred stock. Potentially dilutive securities are excluded from the computation of diluted net loss per share attributable to common stockholders if their effect is anti-dilutive. For the periods ended June 30, 2005 and 2004, basic net loss per share attributable to common stockholders is the same as diluted net loss per share attributable to common stockholders because all potentially dilutive securities were anti-dilutive in computing diluted net loss per share for these periods.

Options to acquire 435,000 shares of common stock during the period ended June 30, 2005, were outstanding, but not included in the calculation of weighted average number of diluted shares outstanding because the option exercise prices were higher than the average market price of the Company's common stock during that period. In addition, diluted net loss per share attributable to common stockholders excludes the potentially dilutive effect of options to purchase 1,396,250 and 2,114,138 shares of the Company's common stock whose exercise prices were lower than the average market price of the Company's common stock during the periods ended June 30, 2005 and 2004, respectively, as their inclusion would have been anti-dilutive because the Company incurred losses during those periods.

NOTE 4. STOCK-BASED COMPENSATION PLAN

The Company has an employee stock option plan that provides for the issuance of stock options and restricted stock. In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" which amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a change to the fair value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As permitted by SFAS No. 123, the Company has elected to follow the guidance of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" in measuring and recognizing its stock-based transactions with employees. As such, compensation expense is measured on the date of grant only if the current market price on the date of the grant of the underlying stock exceeds the exercise price. Such compensation expense is recorded on a straight-line basis over the related vesting period.

In April 2003, the Company granted 500,000 shares of restricted stock to Warren B. Kanders, the Executive Chairman of the Board. The shares vest over ten years or earlier upon the satisfaction of various conditions including performance based conditions relating to the price of the Company's common stock. Under the provisions of APB Opinion 25, the Company recognizes compensation expense for this variable award over the vesting period. Compensation expense is re-measured on a quarterly basis based upon the current market value of the underlying stock at the end of the period.

The following table shows what the effect on net loss and loss per share if the fair value method of accounting had been applied. For purposes of this pro forma disclosure, the estimated fair value of an option utilizing the Black-Scholes option-pricing model is assumed to be amortized to expense over the option's vesting periods.

<TABLE>
<CAPTION>

	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Net loss, as reported	$ (516)	$ (963)	$ (906)	$ (1,434)
Add stock-based employee compensation expense included in reported net loss, net of tax	142	232	157	478
Deduct total stock-based employee compensation expense determined under fair-value based method for all awards, net of tax	(354)	(670)	(701)	(1,337)
Pro forma net loss	$ (728)	$ (1,401)	$ (1,450)	$ (2,293)
Basic and diluted net loss per share:				
As reported	$ (0.03)	$ (0.06)	$ (0.06)	$ (0.09)
Add stock-based employee compensation expense included in reported net loss, net of tax	0.01	0.01	0.01	0.03
Deduct total stock-based employee compensation expense determined under fair-value based method for all awards, net of tax	(0.02)	(0.04)	$ (0.04)	$ (0.08)
Pro forma basic and diluted net loss per share	$ (0.04)	$ (0.09)	$ (0.09)	$ (0.14)

</TABLE>

For computing the fair value of stock-based employee awards, the fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2005	2004
Dividend yield	0.0%	0.00%
Expected volatility ...	57.0%	62.0%
Risk-free interest rate	4.04%	2.70%
Expected life	Four years	Four years

As there were no stock options granted in the three-month periods ended June 30, 2005 and 2004, respectively, the above assumptions are not applicable. The fair value of the stock options granted during the six-month periods ended June 30, 2005 and 2004, respectively, were approximately $21,000 and $148,000 using the above assumptions, which would be amortized over the vesting period of the options. The weighted-average grant-date fair value per share of the stock options granted during the six-month periods ended June 30, 2005 and 2004 were $4.13 and $4.24, respectively.

NOTE 5. RESTRUCTURING AND RELATED COSTS

During 2002 and 2001, the Company's management approved restructuring plans to reorganize and reduce operating costs. During 2003, the Company determined that actual restructuring and related costs would exceed the amount previously provided and recorded an additional restructuring cost of $250,000, comprised of $223,000 for employee separation costs and $27,000 for facility closure and consolidation costs. During 2004, the Company recorded an additional restructuring charge of $33,000 for facility closure costs. For the period ended June 30, 2005, the Company made no additional restructuring charges. The facility closure costs relate to the abandonment of the Company's leased facilities near Toronto, Canada. Total facility closure and consolidation costs include remaining lease liability and brokerage fees to sublet the abandoned space, net of estimated sublease income. The estimated costs of abandoning these leased facilities, including estimated costs to sublease, were based on market information trend analysis provided by a commercial real estate brokerage firm retained by the Company.

The employee separation costs relate to the employees who remained to close down the Suwanee, Georgia office and severance payments made to Mr. Stephen Jeffery, who resigned as the Company's Chief Executive Officer and Chairman of the Board of Directors after the closing of the sale of the e-commerce software business in December 2002.

The following is a reconciliation of the components of the accrual for restructuring and related costs, the amounts charged against the accrual during 2004 and 2005 and the balance of the accrual as of June 30, 2005:

(in thousands)	Employee Separation Costs	Facility Closing Costs	Total Restructuring and Related Costs
Balance at December 31, 2003	$ 125	$ 105	$ 230
Accruals during 2004	--	33	33
Expenditures during 2004	125	65	190
Balance at December 31, 2004	--	73	73
Expenditures during 2005	--	23	23
Balance at June 30, 2005	$--	$ 50	$ 50

The accrual for restructuring and related costs is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

NOTE 6. COMPREHENSIVE INCOME (LOSS)

The Company utilizes SFAS No. 130 "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and presentation of comprehensive income (loss) and its components of net income (loss) and "Other Comprehensive Income (Loss)." "Other Comprehensive Income (Loss)" refers to revenues, expenses and gains and losses that are not included in net income (loss) but rather are recorded directly in stockholders' equity. The components of comprehensive loss for the three and six months ended June 30, 2005 and 2004, were as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(in thousands)	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>

Net loss	$ (516)	$ (963)	$ (906)	$ (1,434)
(Increase)/decrease in unrealized loss on marketable securities	54	(170)	16	(112)
Comprehensive loss	$ (462)	$ (1,133)	$ (890)	$ (1,546)

</TABLE>

NOTE 7. CONTINGENCIES

We are not a party to nor are any of our properties subject to any pending legal, administrative or judicial proceedings other than routine litigation incidental to our business.

In the normal course of business, we are subjected to claims and litigations in the areas of general liability. We believe that we have adequate insurance coverage for most claims that are incurred in the normal course of business. In such cases, the effect on our financial statements is generally limited to the amount of our insurance deductibles. At this time, we do not believe any such claims will have a material impact on the Company's consolidated financial position or results of operations.

NOTE 8. NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"). This statement requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. Compensation cost is to be measured based on the estimated fair value of the equity-based compensation awards issued as of the grant date. The related compensation expense will be based on the estimated number of awards expected to vest and will be recognized over the requisite service period (often the vesting period) for each grant. The statement requires the use of assumptions and judgments about future events and some of the inputs to the valuation models will require considerable judgment by management. SFAS No. 123R replaces FASB Statement No. 123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." The

provisions of SFAS No. 123R are required to be applied by public companies as of the first annual reporting period that begins after June 15, 2005 (as of January 1, 2006 for the Company). The Company intends to continue applying APB Opinion No. 25 to equity-based compensation awards until the effective date of SFAS No. 123R. At the effective date of SFAS No. 123R, the Company expects to use the modified prospective application transition method without restatement of prior interim periods in the year of adoption. This will result in the Company recognizing compensation cost based on the requirements of SFAS No. 123R for all equity-based compensation awards issued after July 1, 2005. For all equity-based compensation awards that are unvested as of July 1, 2005, compensation cost will be recognized for the unamortized portion of compensation cost not previously included in the SFAS No. 123 pro forma footnote disclosure. The Company is currently evaluating the impact that adoption of the SFAS No. 123R may have on its results of operations or financial position and expects that the adoption may have a material effect on the Company's results of operations depending on the level and form of future equity-based compensation awards issued.

NOTE 9. RELATED PARTY TRANSACTIONS

In September 2003, the Company and Kanders & Company, an entity owned and controlled by the Company's Executive Chairman, Warren B. Kanders, entered into a 15-year lease with a five-year renewal option, as co-tenants to lease approximately 11,500 square feet in Stamford, Connecticut. The Company and Kanders & Company have initially agreed to allocate the total lease payments of $32,583 per month on the basis of Kanders & Company renting 2,900 square feet for $8,146 per month, and the Company renting 8,600 square feet for $24,437 per month, which are subject to increases during the term of the lease. Rent expense is recognized on a straight line basis. The lease provides the co-tenants with an option to terminate the lease in years eight and ten in consideration for a termination payment. The Company and Kanders & Company agreed to pay for their proportionate share of the build-out construction costs, fixtures, equipment and furnishings related to preparation of the space. In connection with the lease, the Company obtained a stand-by letter of credit in the amount of $850,000 to secure lease obligations for the Stamford facility. Kanders & Company reimburses the Company for a pro rata portion of the approximately $5,000 annual cost of the letter of credit.

The Company provides certain telecommunication, administrative and other office services as well as accounting and bookkeeping services to Kanders & Company that are reimbursed by Kanders & Company. Such services aggregated $28,000 during the quarter ended June 30, 2005.

During the quarter ended June 30, 2004, the Company had outstanding receivables of $49,000 from Kanders & Company. The receivable relates to out-of-pocket expenses incurred by the Company related to the Stamford facility and general and administrative costs paid by the Company on behalf of Kanders & Company.

During the quarter ended June 30, 2005, the Company incurred charges of approximately $12,000 for payments to Kanders Aviation LLC, an affiliate of the Company's Executive Chairman, Warren B. Kanders, relating to aircraft travel by directors and officers of the Company for potential redeployment transactions, pursuant to the Transportation Services Agreement, dated December 18, 2003 between the Company and Kanders Aviation LLC.

After the closing of the sale of the e-commerce software business in December 2002, Stephen Jeffery, resigned as the Company's Chief Executive Officer and Chairman of the Board of Directors. Under Mr. Jeffery's employment agreement, he was entitled to receive a severance payment equal to one year's salary of $250,000, payable over one year. In addition, Mr. Jeffery entered into a three-year consulting agreement with the Company and received total consideration of $250,000 payable over two years. At June 30, 2005, no balance remained outstanding to Mr. Jeffery under these severance arrangements compared to approximately $52,000 at June 30, 2004. On April 11, 2005, Mr. Jeffery resigned as a member of our Board of Directors.

In the opinion of management, the rates, terms and considerations of the transactions with the related parties described above approximate those that the Company would have received in transactions with unaffiliated parties.

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

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements, including information about or related to our future results, certain projections and business trends. Assumptions relating to forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. When used in this report, the words "estimate," "project," "intend," "believe," "expect" and similar expressions are intended to identify forward-looking statements. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any or all of the assumptions could prove inaccurate, and we may not realize the results contemplated by the forward-looking statements. Management decisions are subjective in many respects and susceptible to interpretations and periodic revisions based upon actual experience and business developments, the impact of which may cause us to alter our business strategy or capital expenditure plans that may, in turn, affect our results of operations. In light of the significant uncertainties inherent in the forward-looking information included in this report, you should not regard the inclusion of such information as our representation that we will achieve any strategy, objectives or other plans. The forward-looking statements contained in this report speak only as of the date of this report, and we have no obligation to update publicly or revise any of these forward-looking statements.

These and other statements, which are not historical facts, are based largely upon our current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements. These risks and uncertainties include, among others, our planned effort to redeploy our assets and use our substantial cash and cash equivalent assets to enhance stockholder value following the sale of substantially all of our electronic commerce business, which represented substantially all of our revenue generating operations and related assets, and the risks and uncertainties set forth in the section headed "Factors That May Affect Our Future Results" found in Part I of our Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2004 and described below. The Company cannot guarantee its future performance.

OVERVIEW

AS PART OF OUR PREVIOUSLY ANNOUNCED STRATEGY TO LIMIT OPERATING LOSSES AND ENABLE THE COMPANY TO REDEPLOY ITS ASSETS AND USE ITS SUBSTANTIAL CASH AND CASH EQUIVALENT ASSETS TO ENHANCE STOCKHOLDER VALUE, ON DECEMBER 6, 2002 WE SOLD SUBSTANTIALLY ALL OF OUR ELECTRONIC COMMERCE BUSINESS, WHICH REPRESENTED SUBSTANTIALLY ALL OF OUR REVENUE-GENERATING OPERATIONS AND RELATED ASSETS. THE INFORMATION APPEARING BELOW, WHICH RELATES TO PRIOR PERIODS, IS THEREFORE NOT INDICATIVE OF THE RESULTS THAT MAY BE EXPECTED FOR ANY SUBSEQUENT PERIOD. THE THREE-MONTH PERIOD ENDED JUNE 30, 2005 PRIMARILY REFLECTS, AND FUTURE PERIODS PRIOR TO A REDEPLOYMENT OF OUR ASSETS ARE EXPECTED TO PRIMARILY REFLECT, GENERAL AND ADMINISTRATIVE EXPENSES ASSOCIATED WITH THE CONTINUING ADMINISTRATION OF THE COMPANY AND ITS EFFORTS TO REDEPLOY ITS ASSETS.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

The Company's discussion of financial condition and results of operations are based on the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods. The Company continually evaluates its estimates and assumptions including those related to contingencies and litigation. The Company bases its estimates on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The Company believes the following critical accounting policies include the more significant estimates and assumptions used by management in the preparation of its consolidated financial statements.

The Company accounts for its marketable securities under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities". Pursuant to the provisions of SFAS No. 115, the Company has classified its marketable securities as available-for-sale. Available-for-sale securities have been recorded at fair value and related unrealized gains and losses have been excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized.

SOURCES OF REVENUE

Prior to the December 6, 2002 sale of substantially all of the Company's revenue generating operations and assets, the Company's revenue consisted of license fees and services fees. License fees were generated from the licensing of the Company's suite of software products.

Services fees were generated from consulting, implementation, training, content aggregation and maintenance support services. Following the sale of substantially all of the Company's operating assets, the Company's revenue has consisted solely of the recognition of deferred service fees that are recognized ratably over the maintenance term. The remaining deferred revenue was fully recognized by September 2004. Prior to a redeployment of the Company's assets, the Company's principal income will consist of interest, dividend and other investment income from short-term investments, which is reported as interest income in the Company's statement of operations.

OPERATING EXPENSES

General and administrative expenses consist primarily of personnel-related expenses for financial, administrative and management personnel, fees for professional services, occupancy charges, insurance, and board of director fees. Occupancy charges include rent, utilities, and maintenance services.

RESTRUCTURING AND RELATED COSTS

See "Restructuring and Related Costs" Note 5 of the Notes to the Unaudited Condensed Consolidated Financial Statements.

RESULTS OF OPERATIONS - COMPARISON OF SECOND QUARTER 2005 TO SECOND QUARTER 2004

On December 6, 2002, the Company completed the disposition of substantially all its operating assets, and the Company is now evaluating alternative ways to redeploy its assets into new businesses. The discussion below is therefore not meaningful to an understanding of future revenue, earnings, operations, business or prospects of the Company following such a redeployment of its assets.

GENERAL AND ADMINISTRATIVE

General and administrative expenses decreased to $1.0 million during the quarter ended June 30, 2005, compared to $1.2 million during the quarter ended June 30, 2004. General and administrative expenses declined to $1.8 million during the six-month period ended June 30, 2005 compared to $1.9 million during the same period in 2004. This trend is consistent with management's stated strategy to maintain our expenditure rate, to the extent practicable, near the level of our investment income until the completion of an acquisition or merger in connection with our asset redeployment strategy. General and administrative expenses include salaries and employee benefits, franchise taxes, rent, insurance, legal, accounting and other professional fees as well as public company expenses such as transfer agent fees and expenses. The decrease in general and administrative expense for the three and six months ended June 30, 2005, compared to the same periods last year, primarily was attributable to decreased professional fees and the recognition of deferred compensation expense for the restricted stock issued to Warren B. Kanders, our Executive Chairman, in April of 2003.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased to $81,000 and $166,000, respectively, in the three and six months ended June 30, 2005, compared to $14,000 in the same periods ended June 30, 2004. The increase is primarily attributable to the Company initiating occupancy of its new corporate headquarters in June 2004 triggering the depreciation of the leasehold improvements.

OTHER INCOME

For the quarter ended June 30, 2005, the Company had recorded a loss of $2,000 as compared to the quarter ended June 30, 2004 when the Company recorded no gains or losses from foreign currency fluctuations. During the six months ended June 30, 2005, the Company recorded a loss of $2,000 from foreign currency fluctuations as compared to the six months ended June 30, 4004 when the Company recorded a gain of $17,000 from the sale of marketable securities.

INTEREST INCOME

Interest income increased to $568,000 in the quarter ended June 30, 2005 from $253,000 in the same period of 2004. During the six months ended June 30, 2005, interest income increased to $1.0 million from $487,000 during the six months ended June 30, 2004. The increase in interest income was due to an increase in the interest rates received on our cash and cash equivalents and marketable securities.

INTEREST EXPENSE

There was no interest expense for the quarters ended June 30, 2005 and 2004, respectively.

INCOME TAXES

As a result of the operating losses incurred since the Company's inception, no provision or benefit for income taxes was recorded during the quarters ended June 30, 2005 and 2004, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents decreased to $29.5 million at June 30, 2005 from $48.4 million at December 31, 2004. Marketable securities increased to $53.6 million at June 30, 2005 from $35.1 million at December 31, 2004. The overall decrease of $0.4 million in cash and cash equivalents and marketable securities is due to cash used in operating activities partially offset by proceeds received from the exercise of stock options during the period ended June 30, 2005.

Cash used by operating activities was approximately $1.1 million during the six months ended June 30, 2005 compared to approximately $1.4 million during the six months ended June 30, 2004. This decrease was primarily attributable to the Company's net loss, a decrease in accounts payable and accrued liabilities, offset by a decrease in prepaids and other assets, partially offset by non-cash items.

Cash used by investing activities was approximately $18.4 million during the six months ended June 30, 2005. The cash was used primarily from the purchase of marketable securities partially offset by the maturity of marketable securities. Cash provided by investing activities was approximately $21.1 million during the six months ended June 30, 2004. The cash was provided primarily from the sale and maturity of marketable securities partially offset by the purchase of marketable securities.

Cash provided by financing activities was approximately $628,000 during the six months ended June 30, 2005, compared to cash provided by financing activities of approximately $51,000 during the six months ended June 30, 2004. The cash provided by financing activities during the six months ended June 30, 2005 and 2004, respectively, was attributable to proceeds from the exercise of stock options.

At June 30, 2005, the Company has net operating loss, capital loss, research and experimentation credit and alternative minimum tax credit carry-forwards for U.S. federal income tax purposes of approximately $227.7 million, $15.2 million, $1.3 million and $53,000, respectively, which expire in varying amounts beginning in the year 2009. The Company's ability to benefit from certain net operating loss carry-forwards is limited under section 382 of the Internal Revenue Code due to a prior ownership change of greater than 50%. Accordingly, approximately $217.1 million of the $227.7 million U.S. net operating loss carryforward is available currently to offset taxable income that the Company may recognize in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not hold derivative financial investments, derivative commodity investments, engage in foreign currency hedging or other transactions that expose us to material market risk.

ITEM 4. PROCEDURES AND CONTROLS

Evaluation of Disclosure Controls and Procedures

The Company's management carried out an evaluation, under the supervision and with the participation of the Company's Chief Administrative Officer and Controller, its principal executive officer and principal financial officer, respectively, of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15 (e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act") as of June 30, 2005, pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Company's Chief Administrative Officer and Controller, concluded that the Company's disclosure controls and procedures as of June 30, 2005 are effective.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting that have come to management's attention during the quarter ended June 30, 2005 evaluation that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

We held our annual meeting of stockholders on June 21, 2005. Of the 16,287,814 shares of common stock entitled to vote at the meeting, 15,461,709 shares of common stock were present in person or by proxy and entitled to vote. Such number of shares represented approximately 94.93% of our outstanding shares of common stock. Listed below is the matter voted upon at our annual meeting of stockholders and the voting results:

<TABLE>
<CAPTION>

	FOR	WITHHELD
Election of Directors:		
Burtt R. Ehrlich	14,348,404	1,113,305
Donald L. House	14,291,214	1,170,495
Warren B. Kanders	14,054,208	1,407,501
Nicholas Sokolow	14,286,164	1,175,545

	FOR	AGAINST	ABSTAIN
Approval of 2005 Stock Incentive Plan:	8,934,962	1,572,936	6,236

</TABLE>

ITEM 6. EXHIBITS

Exhibit Number	Exhibit
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

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 hereunto duly authorized.

CLARUS CORPORATION

Date: July 28, 2005

/s/ Nigel P. Ekern,

Nigel P. Ekern,
Chief Administrative Officer
(Principal Executive Officer)

/s/ Susan Luckfield,

Susan Luckfield,
Controller
(Principal Financial Officer)

EXHIBIT INDEX

Number	Exhibit
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Nigel P. Ekern, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Clarus Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2005

By: /s/ Nigel P. Ekern

Name: Nigel P. Ekern
Title: Chief Administrative Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Susan Luckfield certify that:

1. I have reviewed this quarterly report on Form 10-Q of Clarus Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2005

By: /s/ Susan Luckfield

Name: Susan Luckfield
Title: Controller

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Nigel P. Ekern, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Clarus Corporation on Form 10-Q for the quarter ended June 30, 2005, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Clarus Corporation.

Date: July 28, 2005 By: /s/ Nigel P. Ekern

Name: Nigel P. Ekern
Title: Chief Administrative Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Susan Luckfield, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Clarus Corporation on Form 10-Q for the quarter ended June 30, 2005, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Clarus Corporation.

Date: July 28, 2005 By: /s/ Susan Luckfield

Name: Susan Luckfield
Title: Controller
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.