SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

AMENDMENT NO. 2
TO
FORM 10-K
ANNUAL REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended June 30, 2001	Commission File Number 0-20706

DATA RACE, Inc.
(Exact name of registrant as specified in its charter)

Texas	74-2272363
(State of Incorporation)	(I.R.S. Employer Identification No.)

6509 Windcrest Drive, Suite 120
Plano, Texas 75024
Telephone (972) 378-9677
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, no par value per share

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 period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ___ NO X

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

On February 8, 2002, the aggregate market price of the voting stock held by non-affiliates of the Company was approximately $1,770,000 (For purposes hereof, directors, executive officers and 10% or greater shareholders have been deemed affiliates.)

On January 31, 2002, there were 35,373,477 outstanding shares of Common Stock, no par value.

DOCUMENTS INCORPORATED BY REFERENCE
None.

The registrant hereby files this report on Form 10-K/A to amend its Annual Report on Form 10-K, as amended on February 15, 2002 for the year ended June 30, 2001, to amend (i) Part 1, Item 3 "Legal Proceedings," (ii) Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operation" and (iii) Part IV, Item 14 to include exhibit 10.31 and all exhibits and schedules to such exhibit and to add exhibit 10.34. No other items in the registrant's Annual Report on Form 10-K for the year ended June 30, 2001 are amended.

PART I.

ITEM 3. LEGAL PROCEEDINGS

On May 18, 2001, the Company, executive officers, Michael McDonnell, previously the President and Chief Executive Officer (resigned in July 2001), James Scogin, Acting President and Chief Financial Officer, and John Liviakis, one of our significant shareholders, were sued in the United States District Court for the Northern District of Illinois, Eastern Division, by Robert Plotkin, a Chicago-based attorney, and several of Mr. Plotkin's relatives and family trusts, who are all shareholders of the Company. The amount of the monetary damages being sought is $20,000,000. The complaint alleges that the plaintiffs were induced to purchase shares of our common stock based upon alleged misrepresentations and omissions of material fact. The proceeding has been moved to the United States District Court for the Eastern District of Texas, Sherman Division in October 11, 2001. Discovery has not commenced, but we believe the lawsuit is without merit and intend to vigorously defend the Company against these allegations. At this time, we do not know whether or not an outcome of the lawsuit unfavorable to us will have a materially adverse effect on our results of operations and financial condition.

PART II.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

From its inception in 1983, the Company has designed, manufactured, and marketed advanced technology communication products. The Company's strategy is to provide innovative, first-to-market, high-value-added solutions to meet the needs of knowledge workers who are remote from their headquarters office.

During fiscal year 2001, the Company completed the development of the VocalWare IP integrated server by integrating the dial up remote access solution of the formerly marketed Be There! product line with the broadband remote access solution of the VocalWare product line. This solution allows users to access their office voice, e-mail, data and fax resources over any access medium with all of the leading manufacturers of voice and data products. The Company entered into beta program agreements with a major global carrier, a major cable provider, a major airline and an agency of the federal government for the VocalWare IP integrated server. From the beta agreements the Company shipped 35 VocalWare servers and 840 VocalWare user licenses for approximately $701,000 and entered into an exclusive licensing rights agreement for approximately $365,000 with LYNUX.

In January 2001, these servers were returned based on non-payment from LYNUX and the Company notified LYNUX that the exclusive licensing rights agreement had been terminated. The Company in the quarter ended December 31, 2000 reversed the accounts receivable and deferred revenue for approximately $365,000. During the second quarter of fiscal 2001, the Company shipped $625,000 of servers and user licenses to a reseller. This transaction was not recorded as revenue as the transaction did not meet the Company's criteria for revenue recognition. The

reseller was given extended terms over normal reseller agreements. In July 2001, the reseller returned the servers and user licenses back to the Company based on the uncertainty of the Company continuing as a going concern.

The Company was disappointed in its revenue for the fiscal year. This was based on the following factors. (i) A longer sales cycle than originally planned. The Company originally planned for a sales cycle of 30 days where the potential customer would place an order after a 30-day trial period. In reality the sales cycle can be as long as one year. (ii) A decline in the general economic conditions in the telecommunications industry and decreases in spending for information technology. (iii) The Company's inability to show its viability as a going concern. Potential customers have concerns about the Company's ability as a going concern. The VocalWare IP product line is considered a strategic asset of the customer and questions concerning the viability of the Company can delay or terminate potential orders.

The Company's goal of returning to profitability and developing a more dependable revenue base depends on the success of the VocalWare IP product line. Although the Company has not recorded significant revenue from sales of the VocalWare IP product line, the Company has expended substantial resources on its development and market introduction.

Fiscal 2001 Compared to Fiscal 2000 for Continuing Operations

Total revenue from continuing operations in fiscal 2001 decreased 80.2% to approximately to $63,000 from approximately $316,000 in fiscal 2000. This decrease is attributable to the following conditions: 1) the financial condition of the Company as a viable ongoing business, 2) the longer than expected sales cycle of placing the product with a potential customer and receiving an order, and 3) the changes in general economic conditions and specific market conditions in the communications industries and the overall decrease in information technology spending.

Total gross losses from continuing operations in fiscal 2001 increased 187.7% to approximately $1,282,000 from approximately $446,000 in fiscal 2001. This increase was primarily the result of a 27% increase in material and overhead production cost coupled with the Company recording a provision for potential inventory obsolescence in the amount of approximately $422,000. The additional material costs where necessary to insure product supply from its key component supplier and material purchased by the Company's contract manufacturing integrator. Materials held on behalf of the Company at the manufacturing integrator's facility are recorded as inventory as well as any associated accounts payable for unpaid balances. See note 5 "Inventory" in the accompanying notes to the financial statements.

Engineering and product development expenses have increased by 51.7% to approximately $5.0 million in fiscal 2001 from approximately $3.3 million in fiscal 2000. This increase was primarily due to outside contract engineering expenditures and workforce increases for continued development and enhancements of the VocalWare IP products.

Sales and marketing expenses increased 81.7% during fiscal 2001 to approximately $4.8 million from approximately $2.6 million in fiscal 2000. This increase was primarily due to increased headcount in the sales and marketing staff and the associated travel which were both necessary to properly market, coordinate, distribute, train and service VocalWare IP products.

General and administrative expenses increased 67.1% during fiscal 2001 to approximately $5.2 million from approximately $3.1 million in fiscal 2000. This increase reflected increased staffing that management believed was necessary to support recent organizational growth as well as impairment adjustments for assets no longer deemed viable by the Company.

3

Income tax benefits related to losses for fiscal year 2001 are not recognized because the utilization of such benefits cannot be assured. Accordingly, a 100% valuation allowance has been recorded against the Company's deferred income tax asset. As of June 30, 2001, the Company had federal and state tax net operating loss carryforwards of approximately $70,980,000 that expire beginning in 2008. The Internal Revenue code section 382 limits NOL carryforwards when an ownership change of more than 50% of the value of stock in a loss corporation occurs within a three-year period. Accordingly, due to such ownership change, the ability to utilize remaining NOL carryforwards may be significantly restricted.

Fiscal 2000 Compared to Fiscal 1999 for Continuing Operations

In March 2000, the Company sold its network multiplexer line to HT Communications. Also during the second quarter of fiscal 1999, the Company did not bid on additional custom modem business. Therefore, the following discussion is limited to the Company's continuing operations of its VocalWare IP business segment. Discontinued operations are separately discussed below.

Total revenue from continuing operations in fiscal 2000 decreased 62.2% to $316,000 from $836,000 in fiscal 1999. The decrease is primarily due to decreased shipments to Sabratek Inc, as a result of that customer's bankruptcy filing and declines in custom modem revenue from fiscal 1999. Also impacting revenue is the Company's decision to discontinue the first generation Be There! remote access system in favor of the Company's new generation of VocalWare IP products which were scheduled to be released throughout fiscal 2001.

Gross losses from continuing operations for fiscal 2000 decreased to approximately $446,000 from approximately $697,000 for fiscal 1999. The decrease in gross losses from continuing operations is directly related to decreased shipments to Sabratek Inc. and manufacturing variances caused by the decreased volumes. Due to financial difficulties and eventual bankruptcy, Sabratek, Inc. unexpectedly cancelled its purchase agreement with the Company in the second quarter of fiscal year 2000. The Company was not able to adjust its production overhead until after the third quarter of the fiscal year 2000 and therefore incurred manufacturing variances associated with decreased volumes.

Engineering and product development expenses had increased by 38.1% to $3.3 million in fiscal 2000 from $2.4 million in fiscal 1999. This increase was primarily due to workforce increases and outside project development contracts associated with development expenditures necessary for the Company's new VocalWare IP product line.

Sales and marketing expenses increased 35.8% during fiscal 2000 to $2.6 million from $1.9 million in fiscal 1999. This increase was primarily due to the Company ramping up its sales and marketing forces in anticipation of delivering its new VocalWare IP product line to the market in early fiscal 2001.

General and administrative expenses decreased 27.3% during fiscal 2000 to $3.1 million from $4.3 million in fiscal 1999. This decrease was attributable to decreases in non-cash expenses associated with a consulting agreement and non-cash legal expenses associated with a patent infringement lawsuit. The decrease is offset in part by severance and retirement packages for two officers totaling approximately $480,000.

Income tax benefits related to losses for fiscal year 2000 are not recognized because the utilization of such benefits cannot be assured. Accordingly, a 100% valuation allowance was recorded against the Company's deferred income tax asset. As of June 30, 2000, the Company had federal and state tax net operating loss carryforwards of approximately $53,664,000, which expire

beginning in 2009. The Internal Revenue code section 382 limits NOL carryforwards when an ownership change of more than 50% of the value of stock in a loss corporation occurs within a three-year period. Accordingly, due to such ownership changes, the ability to utilize remaining NOL carryforwards may be significantly restricted.

Discontinued Operations and HT Communications Receivable

The majority of the Company's revenue in fiscal 1999 and in prior years resulted from operations that the Company has now exited. Revenues from discontinued operations decreased 64.0% in fiscal 2000 to $720,000 from $1,999,000 in fiscal 1999 as a result of the Company's decision to exit that market. The Company sold its network multiplexer business to HT Communications in March 2000 for $350,000. The Company to date has received approximately $6,000 in principal payments and $4,500 in royalty payments. The Company is in the process of filing suit against HT Communications demanding payment on the past due balances. Due to defaults upon the agreement between the Company and HT communications, the Company removed the unrecognized portion of the deferred gain in the amount of $331,601 from its books along with the associated note receivable

Liquidity and Capital Resources

Operating losses have had and continue to have a substantial negative effect on the Company's cash balance. At June 30, 2001, the Company had approximately $9,000 in cash and cash equivalents, compared to approximately $11,059,000 at June 30, 2000.

At the beginning of fiscal 2001, the company recorded a note receivable of $350,000 due from HT Communications resulting from the sale by the Company of a discontinued segment in March 2000. Subsequent to the end of fiscal year 2001 this note became uncollectable due to HT Communications filing bankruptcy. As such, the Company wrote off the receivable in September 2001.

During fiscal year 2001, the Company increased its inventory in response to business opportunities forecasted and the lead-time required to receive the material components. The Company's inventory at retail is valued at $4,000,000 to $7,000,000 depending on the size and type of server configuration.

The build up in inventory was the result of the Company having to procure unique key components essential for the deployment of the Vocal Ware server. Approximately 400 units of a unique component board where procured during the fiscal year along with nearly 210 chassis units that make up the Vocal Ware server. The Company anticipates that the number of units on hand at the end of the fiscal year will be sufficient for the immediate future to meet any need that current potential customers would required during fiscal 2002. The general slow down in the economy and the longer than anticipated sales cycle however make it difficult for the Company to estimate additional requirements. The inventory value at year ending June 30,2001 is net of inventory reserves of approximately $1.0M.

During the first half of fiscal year 2001, in anticipation of projected sales, the Company increased its staff by over 50% by adding 31 people to field key positions to assure its growth. To support its business model and the additional staff, the Company invested approximately $1,000,000 in equipment purchases in fiscal 2001. Approximately $434,000 of those purchases pertained to a new e-business platform in which the Company was unifying its sales, customer service, MRP and accounting systems. Implementation of the system had to be abandoned during May of 2001 due to the Company's financial difficulties and the loss of key personnel responsible for implementation of the system. The Company recorded as an asset impairment, approximately $403,000 relating to the e-business platform. In addition the Company recorded approximately

$778,000 as an asset impairment on non-amortized leasehold improvements pertaining to the early termination of the San Antonio facilities in August 2001. The Company anticipated this action as it was consolidating its facilities prior to the close of the fiscal year ending June 30, 2001. The Company believes its facilities are more than adequate to meet the current and future needs during fiscal 2002 without modification or further expense. Further, the Company feels that capital expenditures in fiscal 2001 for capital equipment are adequate to support foreseeable needs throughout fiscal 2002.

Accounts payable during fiscal 2001 increased by 85% compared to the increase reflected in the cash flow statement for fiscal 2000. This increase is directly attributable to inventory purchases as discussed above.

An increase in notes payable of approximately $1,072,000 during fiscal 2001 reflect the Company's reliance upon outside financing to continue its operations until such time revenues are sufficient to sustain the Company's future operations.

The Company does not believe that current cash will be sufficient to meet the Company's current and ongoing operating expenses and capital requirements and it is continuing to explore financing alternatives.

Going Concern Uncertainty

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern. As shown in the financial statements, the Company incurred a substantial loss of $16,775,750 for the year ended June 30, 2001 and has incurred losses for each of the preceding 2 years. At June 30, 2001, current liabilities exceed current assets by $1,274,179, total liabilities exceed total assets by $561,814 and the accumulated deficit aggregated $72,527,944. In view of these matters, realization of a major portion of the assets in the accompanying balance sheet is dependent upon the Company's ability to meet its financing requirements, and the success of its future operations. See "ITEM 1 BUSINESS - Certain Business Risks - We Will Need Additional Capital to Sustain Operations" and "Financing Activities - Equity Line of Credit" below as part of this ITEM 7.

In addition, effective July 11, 2001, the Company's common stock was delisted by The Nasdaq National Market due to a failure to pay overdue annual and additional listing fees in the amount of $44,125 and the inability to meet the minimum bid price requirements for continued listing. Effective November 6, 2001, our common stock was dropped from the OTCBB for failure to timely file reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934. Our common stock continues to be traded in the "pink sheets" under the symbol "RACE".

Operating losses have had and continue to have a substantial negative effect on the Company's cash balance. The Company's goal of returning to profitability and developing a more dependable revenue base relies on the success of the VocalWare IP product line. To successfully penetrate the target markets, the Company expects that significant additional resources will need to be expended in order to expand its sales and marketing infrastructure and operation systems, and to finance inventory and receivables.

The Company has historically funded operations with the proceeds from the sale of equity securities and has not generated positive cash flows from operations for the past three years. The Company will need to raise more money to continue to finance its operations and may not be able to obtain additional financing on acceptable terms, or at all. Any failure to raise additional financing will likely place the Company in significant financial jeopardy.

6

During July 2001 (subsequent to the balance sheet date) the Company decreased its overhead through payroll reductions and related benefit costs (reducing its workforce from 77 employees to 6 employees). Management is also currently consolidating operations into one location thereby effecting savings on rent and associated facility costs. The Company believes that these cost reductions and the raising of additional financing will allow them to continue in existence.

Financing Activities

March 2001

In March 2001, the Company received net proceeds of approximately $2,000,000 for issuance of common stock and warrants. (See Note 10 of Notes to the Financial Statements)

May 2001

In May 2001, the Company issued 10% secured convertible promissory notes and common stock purchase warrants for $700,000. (See Note 9 of Notes to the Financial Statements)

6% Convertible Debentures

On June 12, 2001 the Company signed an agreement to place up to $1 million in 6% convertible debentures and warrants to two accredited investors. The parties amended the agreement on July 17, 2001 and October 18, 2001. The convertible debentures have an interest rate of 6% per annum and mature 3 years from their date of issuance. Under the terms of the convertible debentures, the holders can elect at any time prior to maturity to convert the balance outstanding on the debentures into shares of Company common stock at the lesser of a fixed price that represents a 10% premium to the closing bid price of common stock at the time the debentures were issued and 50% of the average of the 5 lowest closing bid prices of Company common stock during the 25 business days immediately preceding the conversion date. Under the agreements, as amended, and pursuant to Section 4(2) of the Securities Act of 1933, as amended, the Company issued to the investors $500,000 principal amount of convertible debentures on June 18, 2001, $240,000 principal amount of convertible debentures on July 30, 2001, $130,000 principal amount of convertible debentures on September 6, 2001 and $277,499 principal amount of convertible debentures on October 18, 2001. On June 18, 2001, the Company also issued to the investors common stock purchase warrants to purchase up to 1,000,000 shares of common stock at an exercise price of $0.14. On October 18, 2001 the parties amended the agreement to increase the investment amount by $147,499 and the Company granted to the investors a security interest in all of the assets of the Company covering all prior and future indebtedness of the Company to the investors. We have received proceeds from the sale of the convertible debentures equal to $1,147,499 less $80,000 to Hadrian Investments Limited for placement agent fees, or 8% of the proceeds received for the first $1,000,000 principal amount of convertible debentures issued to the investors, and less $25,000 to cover the legal expenses of the investors. We currently owe Hadrian Investments Limited an additional $11,799.92 in connection with this financing, or 8% of the last $147,499 convertible debentures issued to the investors. The Company used the proceeds from the private placement primarily for general corporate purposes. The Company is obligated to file a registration statement for the shares issuable upon conversion of the convertible debentures and warrants with the SEC. The Company was also obligated to cause the registration statement to be declared effective by October 2, 2001 and is currently accruing liquidated damages at the rate of 2% of the outstanding principal amount of the convertible debentures per month. These penalties may be paid in cash or, at the investors' option, in common stock. In addition, if the Company issues additional shares of common stock, then antidilution provisions contained in the convertible

debentures may reduce the conversion price of the shares issued to the investors so as to prevent dilution of the their investment in the Company.

Equity Line of Credit

On July 26, 2001 the Company signed what is sometimes termed an equity line of credit or an equity draw down facility with an accredited investor, Grenville Finance Ltd. In general, Grenville has committed up to $30 million to purchase our common stock over a 36 month period beginning after and during the period a resale registration statement registering the shares purchased pursuant to the equity line of credit is effective. During the periods the resale registration statement is effective, the Company may request a draw of up to $1 million of that money, subject to a formula based on average stock prices and average trading volumes, setting the maximum amount of any request for any given draw. The amount of money that Grenville will provide and the number of shares to be issued to Grenville in return for that money is settled twice during a 22 day trading period following the draw down request based on the formula in the stock purchase agreement. Grenville receives a 17.5% discount to the market price of Company common stock during the 22-day period and the Company receives the settled amount of the draw down, less 8% of such amount to Hadrian Investments Limited for placement agent fees. Additionally, we issued to Hadrian 500,000 shares in lieu of a cash payment of $25,000 for services rendered to the Company by Hadrian. In addition, the Company issued a warrant to Grenville to purchase up to 16,366,612 shares of Company common stock at an exercise price of $0.07027 and paid Grenville $20,000 for its legal fees and expenses incurred in connection with the equity line of credit. The issuances of the securities to the accredited investors are made pursuant to Section 4(2) of the Securities Act. The Company will use the proceeds from the equity line for general corporate purposes.

PART IV.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

Independent Auditors' Reports

Balance Sheets as of June 30, 2001 and 2000

Statements of Operations for the fiscal years ended June 30, 2001, 2000, and 1999

Statements of Shareholders' Equity for the fiscal years ended June 30, 2001, 2000, and 1999

Statements of Cash Flows for the fiscal years ended June 30, 2001, 2000, and 1999

Notes to Financial Statements

2. Financial Statement Schedules

Schedules are either not required or the necessary information is included in the financial statements or notes thereto.

3. Exhibits

3.1 Articles of Amendment to and Restatement of the Articles of Incorporation of the Company, filed December 27, 1991. (a)

3.2 Articles of Correction to Articles of Amendment to and Restatement of the Articles of Incorporation of the Company, filed August 13, 1992. (a)

3.3 Articles of Amendment to the Articles of Incorporation of the Company, filed August 21, 1992. (a)

3.4 Bylaws of the Company and Amendment to Bylaws. (a)(b)

3.5 Statement of Resolution Establishing Series B Participating Cumulative Preferred Stock. (f)

3.6 Articles of Amendment to the Articles of Incorporation of the Company, filed January 21,1999 (i)

4.1 Specimen Common Stock Certificate. (a)

10.1 *401(k) Profit Sharing Plan, effective March 1, 1992. (a)

10.2 Form of Indemnification Agreement between the Company and each director. (c)

10.3 *Amended and Restated Employee Stock Purchase Plan adopted in February 1996. (e)

10.4 *1994 Stock Option Plan. (d)

10.5 *1995 Stock Option Plan. (e)

10.6 *1997 Stock Option Plan. (g)

10.7 *1998 Stock Option Plan. (h)

10.8 *1999 Stock Option Plan (i)

10.9 *2000 Stock Option Plan (j)

10.10 Securities Purchase Agreement dated June 25, 1999, by and among DATA RACE, Inc. and Cranshire Capital, L.P., Keyway Investments Ltd., and Lionhart Investments Ltd., as the Investors. (k)

10.11 Registration Rights Agreement dated June 25, 1999, by and among DATA RACE, Inc. and Cranshire Capital, L.P., Keyway Investments Ltd., and Lionhart Investments Ltd., as the Investors. (k)

10.12 Warrant Agreements dated June 25, 1999, issued to Cranshire Capital, L.P., Keyway Investments Ltd., and Lionhart Investments Ltd. (k)

10.13 Securities Purchase Agreement, dated December 10, 1999, between the Company, Cranshire Capital, L.P., Keyway Investments Ltd., and Lionhart Investments Ltd. (l)

10.14 Registration Rights Agreement, dated December 10, 1999, between the Company, Cranshire Capital, L.P., Keyway Investments Ltd., and Lionhart Investments Ltd. (l)

10.15 Warrant Agreement dated December 10, 1999 issued to Cranshire Capital, L.P., Keyway Investments Ltd., and Lionhart Investments Ltd. (l)

10.16 Securities Purchase Agreement dated June 12, 2000, between the Company, Cranshire Capital, L.P., Keyway Investments Ltd., Lionhart Investments Ltd., EURAM Cap Strat. "A" Fund Limited, ICN Capital Ltd., and G-Bar Limited Partnership (m)

10.17 Registration Rights Agreement dated June 12, 2000, between the Company, Cranshire Capital, L.P., Keyway Investments Ltd., Lionhart Investments Ltd., EURAM Cap Strat. "A" Fund Limited, ICN Capital Ltd., and G-Bar Limited Partnership (m)

10.18 Warrant Agreement, dated June 12, 2000, between the Company, Cranshire Capital, L.P., Keyway Investments Ltd., Lionhart Investments Ltd., EURAM Cap Strat. "A" Fund Limited, ICN Capital Ltd., and G-Bar Limited Partnership (m)

10.19 Securities Purchase Agreement dated March 2, 2001, between the Company, Protius Overseas Limited, Keyway Investments Ltd., and Lionhart Investments Ltd (n)

10.20 Registration Rights Agreement dated March 2, 2001, between the Company, Protius Overseas Limited, Keyway Investments Ltd., and Lionhart Investments Ltd (n)

10.21 Warrant Agreement, dated March 2, 2001, between the Company, Protius Overseas Limited, Keyway Investments Ltd., and Lionhart Investments Ltd. (n)

10.22 Consultant and Advisor Stock Plan (l)

10.23 *Description of Transaction Bonus Plan (l)

10.24 Convertible Debentures and Warrants Purchase Agreement, dated June 12, 2001, between the Company, Alpha Capital AG and Stonestreet, L.P. (r)

10.25 Registration Rights Agreement, dated June 12, 2001, between the Company, Alpha Capital AG and Stonestreet, L.P. (r)

10.26 Form of 6% Convertible Debentures issued to Alpha Capital and Stonestreet (r)

10.27 Form of Warrants issued to Alpha Capital and Stonestreet (r)

10.28 Letter Agreement between the Company, Alpha Capital and Stonestreet, dated July 19, 2001 (r)

10.29 Letter Agreement between the Company, Alpha Capital and Stonestreet, dated October 18, 2001 (q)

10.30 Security Agreement between the Company, Alpha Capital and Stonestreet, dated October 18, 2001 (q)

10.31 Common Stock Purchase Agreement between the Company and Grenville Finance Ltd. dated July 26, 2001 (s)

10.32 Registration Rights Agreement between the Company and Grenville Finance Ltd. dated July 26, 2001 (q)

10.33 Stock Purchase Warrant issued to Grenville Finance Ltd. (q)

10.34 Finder's agreement entered into with Hadrian Investments Limited (s)

16 Change in certifying accountant (p)

23.1 Consent of KPMG LLP (q)

23.2 Consent of Lazar, Levine & Felix, LLP (q)

24 Powers of Attorney to sign amendments to this report. Reference is made to the Signature page of this report.

(a) Filed as an exhibit to Form S-1 Registration Statement No. 33-51170, effective October 7, 1992.

(b) Filed as an exhibit to Form 10-Q for the quarter ended December 31, 1996.

(c) Filed as an exhibit to Form 10-K Annual Report for fiscal year ended June 30, 1993.

(d) Filed as an exhibit to Form 10-K Annual Report for fiscal year ended June 30, 1995.

(e) Filed as an exhibit to Form 10-K Annual Report for fiscal year ended June 30, 1996.

(f) Filed as an exhibit to Form 10-K Annual Report for fiscal year ended June 30, 1997.

(g) Incorporated by reference to appendix A of the Company's Definitive Proxy Statement dated December 12, 1997.

(h) Incorporated by reference to appendix A of the Company's Definitive Proxy Statement dated October 14, 1998.

(i) Incorporated by reference to appendix A of the Company's Definitive Proxy Statement dated October 12, 1999.

(j) Incorporated by reference to appendix A of the Company's Definitive Proxy Statement dated September 20, 2000.

(k) Filed as an exhibit to Form 8-K filed on June 25, 1999.

(l) Filed as an exhibit to Form 8-K filed on December 17, 1999.

(m) Filed as an exhibit to Form 8-K filed on June 21, 2000.

(n) Filed as an exhibit to Form 8-K on March 7, 2001.

(o) Filed as an exhibit to Form 8-K on December 4, 2001.

(p) Filed as an exhibit on Form 8-K on November 20, 2000.

(q) Filed as an exhibit on Form 10-K/A filed on February 15, 2002.

(r) Filed as an exhibit on Form 8-K on July 24, 2001.

(s) Filed herewith.

* Management contract or compensatory plan, contract or arrangement

(b) Reports on Form 8-K

A report on Form 8-K was filed on July 24, 2001 to report the completion of a private placement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended the Registrant has duly caused this report to be signed on behalf of the undersigned, thereunto duly authorized.

DATA RACE, INC., DBA IP AXESS

By: /s/ JAMES G. SCOGIN

James G. Scogin
President, Chief Financial Officer
and Principal Accounting Officer

Date: March 11, 2002

13