CONFORMED

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2000; 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: 0-20728

RIMAGE CORPORATION
(Exact name of Registrant as specified in its charter)

Minnesota	41-1577970
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7725 Washington Avenue South, Edina, MN 55439
(Address of principal executive offices)

612-944-8144
(Registrant's telephone number, including area code)

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

Common Stock outstanding at July 28, 2000 - 8,456,310 shares of $.01 par value Common Stock.

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 _X_ No ___

RIMAGE CORPORATION
FORM 10-Q
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FOR THE QUARTER ENDED JUNE 30, 2000

RIMAGE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2000 and December 31, 1999

<TABLE>
<CAPTION>

Assets	June 30, 2000	December 31, 1999
	(unaudited)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 17,523,077	13,539,297
Trade accounts receivable, net of allowance for doubtful accounts and sales returns of $365,000 and $321,000, respectively	7,937,747	6,189,774
Inventories	3,240,792	2,644,510
Interest receivable	123,030	124,854
Prepaid expenses and other current assets	223,204	197,539
Deferred income taxes-current	637,000	637,000
Total current assets	29,684,850	23,332,974
Property and equipment, net	754,849	901,657
Deferred income taxes-noncurrent	237,437	237,437
Other noncurrent assets	61,169	151,017
Total assets	$ 30,738,305	24,623,085

</TABLE>

See accompanying condensed notes to consolidated financial statements

<TABLE>
<CAPTION>

Liabilities and Stockholders' Equity	June 30, 2000	December 31, 1999
	(unaudited)	
<S>	<C>	<C>
Current liabilities:		
Trade accounts payable	2,971,702	2,698,140
Income taxes payable	118,474	312,154
Accrued compensation	1,118,940	1,021,326
Accrued other	814,035	721,496
Deferred income and customer deposits	935,664	792,760

Total current liabilities	5,958,815	5,545,876
Stockholders' equity:		
Common stock, $.01 par value, authorized 10,000,000 shares, issued and outstanding 8,404,545 and 7,962,358, respectively	84,045	79,624
Additional paid-in capital	13,659,200	12,611,700
Retained earnings	11,246,367	6,611,784
Accumulated other comprehensive income - foreign currency translation adjustment	(210,122)	(225,899)
Total stockholders' equity	24,779,490	19,077,209
Total liabilities and stockholders' equity	$ 30,738,305	24,623,085

</TABLE>

RIMAGE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(unaudited)

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Revenues	$ 13,376,467	$ 9,893,287	$ 26,533,686	$ 18,534,520
Cost of revenues	6,183,767	5,223,766	12,204,265	9,408,208
Gross profit	7,192,700	4,669,521	14,329,421	9,126,312
Operating expenses:				
Research and development	773,722	631,537	1,498,621	1,453,679
Selling, general and administrative	2,641,541	2,547,879	5,141,462	4,588,380
Merger	--	--	541,396	--
Total operating expenses	3,415,263	3,179,416	7,181,479	6,042,059
Operating income from continuing operations	3,777,437	1,490,105	7,147,942	3,084,253
Other income (expense):				
Interest, net	248,148	57,119	450,040	106,243
Gain (loss) on currency exchange	(22,626)	52,122	(127,536)	(18,496)
Other, net	(2,190)	81,541	4,688	105,110
Total other income, net	223,332	190,782	327,192	192,857
Income from continuing operations before income taxes	4,000,769	1,680,887	7,475,134	3,277,110
Income taxes	1,520,292	643,446	2,840,551	1,255,381

Income from continuing operations	2,480,477	1,037,441	4,634,583	2,021,729
Discontinued operations:				
Income from operations of discontinued Services Division, net applicable income tax expense	--	75,375	--	186,045
Gain on disposal of Services Division, net applicable income tax expense	--	303,449	--	303,449
Net income	$ 2,480,477	$ 1,416,265	$ 4,634,583	$ 2,511,223
Income per basic share:				
Continuing operations	$ 0.30	$ 0.13	$ 0.56	$ 0.26
Discontinued operations	--	0.05	--	0.06
Net income per basic share	$ 0.30	$ 0.18	$ 0.56	$ 0.32
Income per diluted share:				
Continuing operations	$ 0.26	$ 0.11	$ 0.48	$ 0.22
Discontinued operations	--	0.04	--	0.05
Net income per diluted share	$ 0.26	$ 0.15	$ 0.48	$ 0.27
Basic weighted average shares outstanding	8,344,059	7,892,863	8,251,124	7,855,015
Diluted weighted average shares and assumed conversion shares	9,665,746	9,258,554	9,640,401	9,284,501

</TABLE>

See accompanying condensed notes to the consolidated financial statements

RIMAGE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(unaudited)

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	Six months ended June 30, 2000	1999
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 4,634,583	$ 2,021,729
Adjustments to reconcile net income to net cash provided by operating activities:		
(Income) loss from discontinued operations	--	(186,045)
(Gain) loss on sale of discontinued operations	--	(303,449)
Depreciation and amortization	378,814	335,180
Change in reserve for excess and obsolete inventories	28,312	91,406
Change in reserve for allowance for doubtful accounts	43,787	22,233
(Gain) loss on sale of property, plant, and equipment	4,597	(26,108)

Write-off of other assets	--	10,937
Warrants issued for consulting services	--	451,699
Changes in operating assets and liabilities:		
Trade accounts receivable	(1,793,960)	(1,236,682)
Inventories	(624,594)	(51,110)
Interest receivable	1,824	(43,412)
Prepaid expenses and other current assets	(23,465)	(100,081)
Trade accounts payable	273,562	506,422
Accrued expenses	190,153	37,741
Income taxes payable	(193,680)	903,731
Deferred income and customer deposits	142,904	98,542
Net cash provided by operating activities	3,062,837	2,532,733
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(146,755)	(305,039)
Proceeds from the sale of property, equipment and intangibles	--	717,084
Other noncurrent assets	37,432	(337,322)
Receipts from sales-type leases	--	8,063
Net cash provided by (used in) investing activities	(109,323)	82,786
Cash flows from financing activities:		
Cash payments to purchase treasury stock	--	(37,875)
Proceeds from stock option and warrant exercises	1,051,921	664,555
Net cash provided by financing activities	1,051,921	626,680
Cash provided by discontinued operations	--	1,076,759
Effect of exchange rate changes on cash	(21,655)	(85,768)
Net increase in cash and cash equivalents	3,983,780	4,233,190
Cash and cash equivalents, beginning of period	13,539,297	7,488,450
Cash and cash equivalents, end of period	$ 17,523,077	$ 11,721,640
Supplemental disclosures of net cash paid during the period for:		
Income taxes	$ 2,606,459	$ 1,072,480

</TABLE>

See accompanying condensed notes to the consolidated financial statements

RIMAGE CORPORATION AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) BASIS OF PRESENTATION AND NATURE OF BUSINESS

Rimage Corporation (the Company) develops, manufactures and distributes high performance CD-Recordable (CD-R) and DVD publishing and duplication systems, and continues to support its long-term involvement in diskette duplication and publishing equipment.

The accompanying unaudited consolidated financial statements of the Company have been prepared pursuant to the rules of the Securities and Exchange Commission. These financial statements should be read in conjunction with the more detailed financial statements and notes thereto included in the Company's most recent annual report on Form 10-K.

The Company extends unsecured credit to its customers as well as credit to a limited number of authorized distributor wholesalers, who in turn provide warehousing, distribution, and credit to a network of authorized value added resellers. These distributors and value added resellers sell and service a variety of hardware and software products.

In the opinion of management, the accompanying consolidated financial statements reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations and cash flows of the Company for the periods presented. Certain previously reported amounts have been reclassified to conform with the current presentation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

(2) DISCONTINUED OPERATIONS

On June 30, 1999, the Company completed the sale of the inventory, fixed assets and intangible assets of its Boulder, Colorado based Services Division to a third party. Accordingly, the consolidated financial statements of the Company report separately the operating results of this discontinued division. Revenues of the Services Division were$1,186,000 and $2,322,000 for the three and six months ended June 30, 1999, respectively.

(3) ACQUISITION

On March 1, 2000, the Company issued 331,664 shares of its common stock in exchange for all outstanding stock of Cedar Technologies, Inc. ("Cedar"), a manufacturer of CD-R desktop publishing and duplication equipment. The Company also assumed the obligations to issue 149,376 shares of its common stock upon exercise of outstanding options of Cedar and 118,596 shares of its common stock upon exercise of outstanding warrants of Cedar. The business combination has been accounted for as a pooling-of-interests combination, and accordingly, the consolidated financial statements for periods prior to the combination have been restated to include the accounts and results of operations of Cedar.

The results of operations previously reported by the separate enterprises and the combined amounts presented in the accompanying consolidated financial statements are summarized below.

<TABLE>
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(in '000s)	Three months ended June 30, 1999 (unaudited)	Six months ended June 30, 1999 (unaudited)	Years Ended 1999	Years Ended 1998
<S>	<C>	<C>	<C>	<C>
Revenues:				
Rimage	8,729	16,246	36,313	28,530
Cedar	1,164	2,289	5,041	2,836
Combined	9,893	18,535	41,354	31,366
Income (loss) from continuing operations:				

Rimage	1,323	2,309	5,854	5,594
Cedar	(286)	(287)	108	199
Combined	1,037	2,022	5,962	5,793

</TABLE>

(Continued)

RIMAGE CORPORATION AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(4) INVENTORIES

Inventories consist of the following as of:

	June 30, 2000 (unaudited)	December 31, 1999
Finished goods and demonstration equipment	$ 1,242,647	$ 1,196,706
Work-in-process	341,222	102,585
Purchased parts and subassemblies	1,656,923	1,345,219
	$ 3,240,792	$ 2,644,510

(5) COMPREHENSIVE INCOME

The Company's only item of other comprehensive income relates to foreign currency translation adjustments, and is presented separately on the balance sheet as required. If presented on the statement of operations for the six months ended June 30, 2000 and 1999, comprehensive income would be $15,777 more than reported net income and $223,090 less than reported net income, respectively, due to foreign currency translation adjustments.

(6) STOCK SPLIT

On April 7, 2000, the Company effected a 3 for 2 stock split in the form of a 50% dividend. All references in the financial statements and related notes to per share information, stock options, weighted average number of shares, as well as the number of common shares outstanding for all prior years presented, have been retroactively adjusted to reflect this stock split.

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

The following table sets forth, for the periods indicated, selected items from the Company's consolidated statements of operations, shown in thousands.

<TABLE>
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	Three months ended June 30,			Six months ended June 30,		
	2000	1999	% Change	2000	1999	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$13,377	$9,893	35%	$26,533	$18,534	43%
Cost of Revenues	6,184	5,224	18	12,204	9,408	30
Gross Margin	7,193	4,669	54	14,329	9,126	57
Operating Expenses	3,415	3,179	7	7,181	6,042	19

Operating Income	3,778	1,490	154	7,148	3,084	132
	=====	=====		=====	=====	

</TABLE>

RESULTS OF OPERATIONS

This report contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ significantly from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, changes in media or method used for distribution of software, technological changes in products offered by the Company or its competitors and changes in general conditions in the computer market.

As discussed in Note 2 of the Condensed Notes of the Consolidated Financial Statements, the Company divested of its Services Division during the second quarter of 1999. The comments that follow pertain to the Company's continuing operations.

REVENUES. Revenues increased 35% to $13.4 million and 43% to $26.5 million for the three- and six-month periods ended June 30, 2000, respectively, from $9.9 million and $18.5 million for the same prior-year periods. Revenue increases were driven by the expansion of the Company's Rimage Perfect Partner Channel program through the addition of new value added resellers. The Company has also experienced strong demand for music on demand delivery systems during the quarter and the six-month period ended June 30, 2000.

As of and for the six months ended June 30, 2000, foreign revenues from unaffiliated customers, operating income, and net identifiable assets were $6,188,000, $210,000 and $3,242,000, respectively. As of and for the six months ended June 30, 1999, foreign revenues from unaffiliated customers, operating earnings, and net identifiable assets were $5,046,000, $172,000, and $3,373,000, respectively. The growth is due to increasing penetration in the European markets of sales of CD-R products.

GROSS PROFIT. Gross profit as a percent of revenues from continuing operations was 54% for the three- and six-month periods ended June 30, 2000, respectively, compared to 47% and 49% for the same prior-year periods. The increases are a result of increased sales of newly released CD-R equipment coupled with cost control measures and efficiencies recognized in our manufacturing process.

OPERATING EXPENSES. Operating expenses from continuing operations increased 7% to $3.4 million and 19% to $7.2 million for the three- and six-month periods ended June 30, 2000, respectively, from $3.2 million and $6.0 million for the same prior year periods. For the quarter, expenses principally reflect normal increases associated with revenue growth. For the six months, expense increases also included merger expenses of $541,000 incurred from the acquisition of Cedar Technologies, Inc. Research and development expense increased 23% to $774,000 and 3% to $1.5 million for the three- and six-month periods ended June 30, 2000, respectively, from $632,000 and $1.4 million for the same prior year periods. This increase is in line with the Company's objective to continue to direct more resources to research and development activities.

OTHER INCOME/(EXPENSE). The Company recognized net interest income on cash investments from continuing operations of $248,000 and $450,000 during the three- and six-month periods ended June 30, 2000 compared to $57,000 and $106,000 during the same prior year periods. Other income was negatively impacted by foreign currency transaction losses during the three- and six-month periods ended June 30, 2000.

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES. Income from continuing operations before income taxes increased 138% to $4.0 million and 128% to $7.5 million for the three- and six-month periods ended June 30, 2000, respectively, from $1.7 million and $3.3 million for the same prior year periods. These increases reflect the revenue growth and cost control measures as described above.

INCOME TAXES. The provision for income taxes represents federal, state, and foreign income taxes on earnings before income taxes. Income tax expense for the three- and six-month periods ended June 30, 2000 amounted to $1.5 million and $2.8 million or 38% of income from continuing operations before income taxes.

INCOME FROM CONTINUING OPERATIONS. Income from continuing operations increased 139% to $2.5 million and 129% to $4.6 million for the three- and six-month periods ended June 30, 2000, respectively, from $1.0 million and $2.0 million for the same prior year periods. These increases reflect the revenue growth and cost control measures as described above.

LIQUIDITY AND CAPITAL RESOURCES

The Company expects to fund its anticipated cash requirements (including the anticipated cash requirements of its capital expenditures) with internally generated funds and, if required, from the Company's existing credit agreement.

Current assets increased to $29.7 million as of June 30, 2000 from $23.3 million as of December 31, 1999, primarily reflecting normal operating activity. The allowance for doubtful accounts as a percentage of receivables was 4% and 5% as of June 30, 2000 and December 31, 1999, respectively. Current liabilities increased approximately 7% to $6.0 million as of June 30, 2000 from $5.5 million as of December 31, 1999, primarily reflecting normal increases in accounts payable.

Net cash provided by operating activities increased to $3.1 million for the six months ended June 30, 2000 from $2.5 million for the six months ended June 30, 1999. This increase is primarily the result of increased earnings during the six-month period ended June 30, 2000. Net cash used in investing activities was $109,000 for the six months ended June 30, 2000 primarily reflecting purchases of capital equipment. Net cash provided by investing activities was $83,000 for the six months ended June 30, 1999 and consisted of purchases of capital equipment netted with proceeds from the sale of intangibles. At June 30, 2000, the Company had no significant commitments to purchase additional capital equipment. Net cash provided by financing activities increased to $1.1 million from $627,000 for the six-month periods ended June 30, 2000 and 1999, respectively, primarily due to an increase in stock option proceeds.

The Company believes that inflation has not had a material impact on its operations or liquidity to date.

YEAR 2000 READINESS

To date, we have experienced no significant systems or other year 2000 problems in connection with the transition to the year 2000. We will continue to monitor for any year 2000 issues.

NEW EUROPEAN CURRENCY

On January 1, 1999, eleven of the fifteen member countries of the European Union established fixed conversion rates between their existing currencies and the euro, a new European currency, and adopted the euro as their common legal currency (the "Euro Conversion"). Either the euro or a participating country's present currency will be accepted as legal tender from January 1, 1999 to January 1, 2002, from which date forward only the euro will be accepted.

The Company has customers located in European Union countries participating in the Euro Conversion. Such customers will likely have to upgrade or modify their computer systems and software to comply with the euro requirements. The amount of money the Company anticipates spending in connection with product development related to the Euro Conversion is not expected to have a material adverse effect on the Company's results of operations or financial condition. The Euro Conversion may also have competitive implications for the Company's pricing and marketing strategies, which could be material in nature; however, any such impact is not known at this time.

The Company has also modified its internal systems (such as payroll, accounting and financial reporting) to deal with the Euro Conversion. There is no assurance, however, that all problems related to the Euro Conversion will be foreseen and corrected, or that no material disruptions of the Company's business will occur.

NEW ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), effective in 2001, established new standards for recognizing all derivatives as either assets or liabilities, and measuring those instruments at fair value. At the present time, the Company does not anticipate that SFAS No. 133 will have a material impact on its financial position or results of operations.

MARKET RISK DISCLOSURE

The Company does not invest in any derivative financial instruments. See the Company's most recent annual report filed on form 10K (Item 7A.). There has been no material change in this information.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable.

Item 2. Changes in Securities

Not Applicable.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Submission of Matters to a Vote of Security Holders

The Company's Annual Meeting of Stockholders' was held on May 10, 2000. The following members were elected to the Company's Board of Directors to hold office for the ensuing year:

Nominee	In Favor	Withheld
Bernard Aldrich	3,298,073	149,294
Ronald Fletcher	3,298,073	149,294
George Kline	3,298,073	149,294
Richard McNamara	3,298,073	149,294
James Reissner	3,298,073	149,294
David Suden	3,298,043	149,324

The results of the voting on the following additional items were as follows:

(a) Ratification of the selection of KPMG as independent accountants to audit the consolidated financial statements of Rimage Corporation for the year ending December 31, 2000. The votes of the stockholders on this ratification were as follows:

In Favor	Opposed	Abstained	Broker Non-Vote
3,444,355	380	2,632	-0-

(b) Amendment of the Rimage 1992 Stock Option Plan (i) to increase the number of shares reserved for issuance thereunder by 375,000, (ii) to extend the termination of the Plan to May 10, 2010, and (iii) to place limitations on the number of shares granted under the plan to any person in any fiscal year designed to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended. The votes of the stockholders on this ratification were as follows:

In Favor	Opposed	Abstained	Broker Non-Vote
3,201,481	236,894	8,992	-0-

Item 5. Other Information

Not Applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit No. 11.1 Calculation of Earnings Per Share.

Exhibit No. 27.1 Financial Data Schedule

(b) Reports on Form 8-K:

Not applicable.

SIGNATURES

In accordance with the Exchange Act, this report has been signed below by following persons on behalf of the registrant and on the dates indicated.

RIMAGE CORPORATION

Registrant

Date: August 9, 2000

By: /s/ Bernard P. Aldrich

Bernard P. Aldrich
Director, Chief Executive Officer,
and President
(Principal Executive Officer)
(Principal Financial Officer)

Date: August 9, 2000

By: /s/ Robert M. Wolf

Robert M. Wolf
Treasurer
(Principal Accounting Officer)

EXHIBIT 11.1

RIMAGE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME PER SHARE OF COMMON STOCK

Basic net income per common share is determined by dividing net income by the weighted average number of shares of common stock outstanding, unless the result is anti-dilutive. Diluted net income per common share is determined by dividing net income by the weighted average number of shares of common stock and assumed conversion shares outstanding, unless the result is anti-dilutive. The following is a summary of the weighted average common shares outstanding and assumed conversion shares:

<TABLE>
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	Three months ended June 30,		Six months ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Shares outstanding at beginning of period	8,259,113	7,891,998	7,962,358	7,899,338
Common stock issued in stock option/ warrant exercise	145,432	3,749	442,187	233,586
Repurchases of common stock	--	--	--	(237,177)
Shares outstanding at end of period	8,404,545	7,895,747	8,404,545	7,895,747
Weighted average shares of common stock outstanding	8,344,059	7,892,863	8,251,124	7,855,015
Assumed conversion shares	1,535,063	1,929,311	1,535,063	1,929,311
Weighted average shares of assumed conversion shares	1,321,687	1,365,691	1,389,277	1,429,486
Weighted average shares of common stock and assumed conversion shares	9,665,746	9,258,554	9,640,401	9,284,501
Income from continuing operations	$ 2,480,477	$ 1,037,441	$ 4,634,583	$ 2,021,729
Income from discontinued operations	$ --	$ 378,824	$ --	$ 489,494
Income per basic share:				
Continuing operations	$ 0.30	$ 0.13	$ 0.56	$ 0.26
Discontinued operations	--	0.05	--	0.06
Net income per basic share	$ 0.30	$ 0.18	$ 0.56	$ 0.32
Income per diluted share:				
Continuing operations	$ 0.26	$ 0.11	$ 0.48	$ 0.22
Discontinued operations	--	0.04	--	0.05
Net income per diluted share	$ 0.26	$ 0.15	$ 0.48	$ 0.27

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