UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED September 30, 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: 0-20728

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)

952-944-8144
(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 October 31, 2005 – 9,580,873 shares of $.01 par value Common Stock.

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

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 ☐

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

RIMAGE CORPORATION
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FOR THE QUARTER ENDED SEPTEMBER 30, 2005

RIMAGE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
September 30, 2005 and December 31, 2004
(unaudited)

Assets	September 30, 2005	December 31, 2004
Current assets:		
Cash and cash equivalents	$ 29,751,750	$ 13,320,681
Marketable securities	31,899,732	39,174,799
Trade accounts receivable, net of allowance for doubtful accounts and sales returns of $564,000 and $600,000, respectively	14,801,909	10,183,814
Inventories	6,153,775	7,395,689
Prepaid expenses and other current assets	996,770	462,214
Deferred income taxes – current	1,086,023	1,127,642
Total current assets	84,689,959	71,664,839
Property and equipment, net	2,668,793	2,386,494
Deferred income taxes – long term	28,785	—
Other non-current assets	37,917	86,667
Total assets	$ 87,425,454	$ 74,138,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 6,311,680	$ 4,717,073
Accrued compensation	2,484,307	2,300,009
Other accrued expenses	1,396,829	1,121,370
Income taxes payable	1,496,118	1,100,257
Deferred income and customer deposits	2,349,572	1,821,057
Other current liabilities	11,687	217,640
Total current liabilities	14,050,193	11,277,406
Long-term liabilities:		
Deferred income taxes	—	122,932

Other non-current liabilities	16,256	16,317
Total long-term liabilities	16,256	139,249
Total liabilities	14,066,449	11,416,655
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 250,000 shares, no shares issued and outstanding	—	—
Common stock, $.01 par value, authorized 29,750,000 shares, issued and outstanding 9,579,873 and 9,365,479, respectively	95,799	93,655
Additional paid-in capital	21,471,900	19,677,692
Retained earnings	51,935,507	42,871,670
Accumulated other comprehensive income (loss)	(144,201)	78,328
Total stockholders' equity	73,359,005	62,721,345
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 87,425,454	$ 74,138,000

See accompanying notes to condensed consolidated financial statements

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RIMAGE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Revenues	$ 27,961,714	$ 17,878,930	$ 71,143,875	$ 49,953,357
Cost of revenues	14,571,180	10,028,948	38,497,835	26,963,084
Gross profit	13,390,534	7,849,982	32,646,040	22,990,273
Operating expenses:				
Research and development	1,399,064	1,009,431	4,177,093	3,361,361
Selling, general and administrative	5,936,565	3,708,137	15,083,202	10,577,183
Total operating expenses	7,335,629	4,717,568	19,260,295	13,938,544
Operating income	6,054,905	3,132,414	13,385,745	9,051,729
Other income (expense):				
Interest, net	400,448	174,582	1,006,961	442,007
Loss on currency exchange	(40,050)	(345)	(113,005)	(24,313)
Other, net	(210)	16,749	804	(62,882)
Total other income, net	360,188	190,986	894,760	354,812
Income before income taxes	6,415,093	3,323,400	14,280,505	9,406,541
Income taxes	2,330,062	1,213,041	5,216,668	3,433,387
Net income	$ 4,085,031	$ 2,110,359	$ 9,063,837	$ 5,973,154
Net income per basic share	$ 0.43	$ 0.23	$ 0.95	$ 0.64
Net income per diluted share	$ 0.39	$ 0.21	$ 0.88	$ 0.60

Basic weighted average shares outstanding	9,553,208	9,339,208	9,506,540	9,265,451
Diluted weighted average shares and assumed conversion shares	10,379,935	9,919,571	10,249,552	9,911,003

See accompanying notes to condensed consolidated financial statements

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

	Nine months ended September 30, 2005	2004
Cash flows from operating activities:		
Net income	$ 9,063,837	$ 5,973,154
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	867,489	689,107
Loss on disposal of property and equipment	38,319	107,245
Stock-based compensation	—	8,147
Changes in operating assets and liabilities:		
Trade accounts receivable	(4,618,095)	(2,524,710)
Inventories	1,241,914	(2,991,597)
Prepaid expenses and other current assets	(534,556)	52,683
Deferred income taxes	(110,098)	—
Trade accounts payable	1,594,607	1,506,889
Accrued compensation	184,298	145,000
Other accrued expenses and other current liabilities	65,756	(391,069)
Income taxes payable	862,419	(1,265,366)
Deferred income and customer deposits	528,515	(120,720)
Net cash provided by operating activities	9,184,405	1,188,763
Cash flows from investing activities:		
Purchases of marketable securities	(84,350,619)	(126,154,129)
Maturities of marketable securities	91,676,000	123,562,143
Purchases of property and equipment	(1,132,938)	(1,350,896)
Proceeds from sale of property and equipment	5,480	60
Other non-current assets	(119,234)	(135,091)
Net cash provided by (used in) investing activities	6,078,689	(4,077,913)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(8,210)	—
Proceeds from stock option exercises	1,329,794	908,641
Net cash provided by financing activities	1,321,584	908,641
Effect of exchange rate changes on cash	(153,609)	(20,572)
Net increase (decrease) in cash and cash equivalents	16,431,069	(2,001,081)

Cash and cash equivalents, beginning of period		13,320,681		26,741,627
Cash and cash equivalents, end of period	$	29,751,750	$	24,740,546
Supplemental disclosures of net cash paid during the period for:				
Income taxes	$	4,464,347	$	4,930,435
Supplemental disclosures of non cash financing activities during the period for:				
Tax effect of disqualifying disposition of stock options	$	466,588	$	494,579

The Company entered into capital lease obligations of $11,899 during the nine months ended September 30, 2005.

The Company recorded unrealized gains on marketable securities of $50,314 in other comprehensive income during the nine months ended September 30, 2005.

See accompanying notes to condensed consolidated financial statements

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RIMAGE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED 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-Recordable (DVD-R) publishing and duplication systems from its operations in the United States and Germany, and effective June 2005, in Japan. The Company also distributes related consumables for use with its systems, consisting of media kits, ribbons, ink cartridges and blank CD-R and DVD-R media.

The accompanying condensed consolidated financial statements of Rimage Corporation are unaudited and have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, pursuant to the rules and regulations of the Securities and Exchange Commission. Pursuant to such rules and regulations, certain financial information and footnote disclosures normally included in the financial statements have been condensed or omitted. However, in the opinion of management, the financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of the financial position and results of operations and cash flows of the interim periods presented. Certain previously reported amounts have been reclassified to conform with the current presentation. Operating results for these interim periods are not necessarily indicative of results to be expected for the entire year, due to seasonal, operating and other factors. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Stock Based Compensation
The Company applies APB No. 25 and related interpretations in accounting for the issuance of stock incentives to employees and directors. Accordingly, no compensation expense related to employees' and directors' stock incentives has been recognized in the accompanying condensed consolidated financial statements as all options granted under stock incentive plans had an exercise price equal to the market value of the underlying common stock on the date of grant. Had compensation costs for the Company's stock incentive plans been determined based on the fair value of the awards on the date of grant, consistent with the provisions of SFAS No. 123, the Company's net income and basic and diluted earnings per share for the three and nine months ended September 30, 2005 and 2004 would have been adjusted to the proforma amounts reflected in the following table:

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	Three Months Ended Sept 30, 2005	Three Months Ended Sept 30, 2004	Nine Months Ended Sept 30, 2005	Nine Months Ended Sept 30, 2004
Net income:				
As reported	$ 4,085,031	$ 2,110,359	$ 9,063,837	$ 5,973,154
Stock based employee compensation, net of tax	(415,673)	(136,242)	(976,607)	(408,726)
Proforma	$ 3,669,358	$ 1,974,117	$ 8,087,230	$ 5,564,428
Basic net income per share:				
As reported	$ 0.43	$ 0.23	$ 0.95	$ 0.64
Stock based employee compensation, net of tax	$ (0.05)	$ (0.02)	$ (0.10)	$ (0.04)
Proforma	$ 0.38	$ 0.21	$ 0.85	$ 0.60
Diluted net income per share:				
As reported	$ 0.39	$ 0.21	$ 0.88	$ 0.60
Stock based employee compensation, net of tax	$ (0.03)	$ (0.01)	$ (0.08)	$ (0.04)
Proforma	$ 0.36	$ 0.20	$ 0.80	$ 0.56

The per share weighted-average fair value of stock options granted under the Company's stock option plan was $6.15 for the nine months ended September 30, 2005, compared to $4.80 for the same period in 2004. These per share values were determined using the Black Scholes option-pricing model. Key valuation assumptions for the year-to-date period in 2005 included an average volatility rate of 28%, an average risk-free interest rate of 4%, an expected life of five years and no dividends. Assumptions for the same period in 2004 included an average volatility rate of 32%, an average risk-free interest rate of 3.4%, an expected life of five years and no dividends.

(2) Marketable Securities

Marketable securities primarily consist of U.S. Treasury, money market and municipal securities with long-term credit ratings of AAA and short-term credit ratings of A-1. All marketable securities have maturities of twelve months or less and are classified as available-for-sale. Available-for-sale securities are recorded at fair value and any unrealized holding gains and losses, net of the related tax effect, are excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized.

(3) Inventories

Inventories consist of the following as of:

	September 30, 2005	December 31, 2004
Finished goods and demonstration equipment	$ 1,554,897	$ 1,385,148
Work-in-process	399,730	479,787
Purchased parts and subassemblies	4,199,148	5,530,754
	$ 6,153,775	$ 7,395,689

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(4) Comprehensive Income

Comprehensive income consists of the Company's net income, foreign currency translation adjustments and unrealized holding gains (losses) from available for sale investments. The components of and changes in other comprehensive income (loss) are as follows:

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Net income	$ 4,085,031	$ 2,110,359	$ 9,063,837	$ 5,973,154
Other comprehensive income (loss):				
Foreign currency translation adjustment	(12,417)	34,127	(272,843)	(21,968)

Net unrealized gains (losses) on securities	36,984	(1,692)	50,314	(3,695)
Total comprehensive income	$ 4,109,598	$ 2,142,794	$ 8,841,308	$ 5,947,491

(5) Foreign Currency Contracts

The Company enters into forward foreign exchange contracts to hedge inter-company receivables denominated in Euros arising from sales to its subsidiary in Germany. Gains or losses on forward foreign exchange contracts are calculated at each period end and are recognized in net income in the period in which they arose. The fair value of forward foreign exchange contracts is recorded in other current assets or other current liabilities depending on whether the net amount is a gain or a loss.

As of September 30, 2005, the Company had fifteen outstanding foreign currency contracts totaling $3,176,000. These contracts mature during 2005 and early 2006 and bear rates ranging from 1.2003 to 1.2501 U.S. Dollars per Euro. As of September 30, 2005, the fair value of foreign currency contracts was a net gain position of $21,654, recorded in other current assets.

(6) Recent Accounting Developments

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 123 (Revised 2004), "Share-Based Payment." SFAS No 123R is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" and its related implementation guidance. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services through share-based payment transactions. SFAS No 123R requires a public entity to measure the cost of employee services received in exchange for the award of equity instruments based on the fair value of the award at the date of grant. The cost will be recognized over the period during which an employee is required to provide services in exchange for the award. In April 2005, the Securities and Exchange Commission amended the compliance dates for SFAS No. 123R, with the result that the effective date for the Company's implementation of SFAS No. 123R is deferred from July 1, 2005 to January 1, 2006. In April 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 107, "Share-Based Payment," confirming the latitude in SFAS No. 123R's provisions on selecting models for valuing share options and clarifying other positions on accounting and disclosure for share-based-payment arrangements. SAB 107 permits registrants to choose from different valuation models to estimate the fair value of share options, assuming consistent application, and also provides guidance on developing assumptions used in valuing employee share options and on related MD&A disclosures. While the Company cannot precisely determine the impact on net earnings that may result from the adoption of SFAS No 123R, estimated compensation expense related to prior annual periods can be found in the notes to the Consolidated Financial Statements included in the Company's Form 10-K for the year ended December 31, 2004, and for interim periods, note 1 to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10Q. The ultimate amount of increased compensation expense will be dependent on whether the Company adopts SFAS No. 123R using the modified prospective or retrospective method, the number of option shares granted during the year, their timing and vesting period, and the method used to calculate the fair value of the awards, among other factors. The Company has not completed its evaluation of the impact of adopting SFAS No. 123R, but expects the adoption to have an adverse impact on net earnings and net income per share.

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FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," was issued in March 2005, and provides clarification on certain provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations." Under Interpretation No. 47, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for a conditional asset retirement obligation should be recognized when incurred, generally upon acquisition, construction, development or through the normal operation of the asset. This Interpretation also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. Interpretation No. 47 is effective for the Company no later than December 31, 2005, and is not expected to have a significant impact on the Company's consolidated financial statements.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling charges and spoilage. This Statement requires that those items be recognized as current period charges regardless of whether they meet the criterion of "so abnormal" which was the criterion specified in ARB No. 43. In addition, this Statement requires that allocation of fixed production overheads to the cost of production be based on normal capacity of the production facilities. The provisions under SFAS No. 151 are effective for the Company beginning January 1, 2006, and shall be applied prospectively. The Company does not expect that the adoption of this pronouncement will have a significant impact on its consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." SFAS No. 154 replaces APB No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Changes in Interim Financial Statements." SFAS No. 154 requires retrospective application to prior period's financial statements of voluntary changes in accounting principle unless it is impracticable to do so. Retrospective application refers to the application of a different accounting principle to previously issued financial statements as if that principle had always been used. Statement No. 154's retrospective-application requirement replaces APB 20's requirement to recognize most voluntary changes in accounting principle by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This Statement is effective for the Company for accounting changes and corrections of errors made beginning January 1, 2006. The Company does not currently expect the adoption of this pronouncement to have a significant impact on its consolidated financial statements.

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

In September 2005, the Emerging Issues Task Force approved EITF 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty." Issue No. 04-13 defines when a purchase and a sale of inventory with the same party that operates in the same line of business should be considered a single nonmonetary transaction subject to APB Opinion 29, "Accounting for Nonmonetary Transactions." According to this Issue, two or more inventory transactions with the same party should be combined if they are "entered in contemplation of one another." Issue No. 04-13 also differentiates those nonmonetary exchanges of inventory in the same line of business that should be recognized at fair value from those that should be recognized at their carrying amounts. Issue No. 04-13 is effective for the Company for new arrangements entered into, or modifications or renewals of existing arrangements, beginning in the second quarter 2006. The Company does not expect the adoption of this Issue to have a significant impact on its consolidated financial statements.

(7) Warranty Reserve

The Company's non-consumable products are warranted to the end-user to ensure end-user confidence in design, workmanship and overall quality. Warranty lengths vary by product type, ranging from periods of six to twelve months. Warranty covers parts, labor and other associated expenses. The Company performs the majority of warranty work, while authorized distributors and dealers also perform some warranty work. Warranty expense is accrued at the time of sale based on an analysis of historical claims experience, which includes labor, freight and parts costs, with consideration of the proportion of parts that can be re-used.

The warranty reserve rollforward, including provisions and claims, is as follows:

Nine Months Ended:	Beginning Balance	Warranty Provisions	Warranty Claims	Foreign Exchange Impact	Ending Balance
September 30, 2005	$ 187,000	$ 699,000	$ (583,000)	$ (6,000)	$ 297,000
September 30, 2004	$ 172,000	$ 331,000	$ (330,000)	$ (1,000)	$ 172,000

(8) Litigation

The Company is exposed to a number of asserted and unasserted claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

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.

	Percentage (%) of Revenues Three Months Ended September 30,		Percentage (%) Increase Between Periods	Percentage (%) of Revenues Nine Months Ended September 30,		Percentage (%) Increase Between Periods
	2005	2004	2005 vs. 2004	2005	2004	2005 vs. 2004
Revenues	**100**	100	56	**100**	100	42
Cost of revenues	**(52)**	(56)	45	**(54)**	(54)	43
Gross profit	**48**	**44**	71	**46**	**46**	42
Operating expenses:						
Research and development	**(5)**	(6)	39	**(6)**	(7)	24
Selling, general and admin	**(21)**	(21)	60	**(21)**	(21)	43
Operating income	**22**	**18**	93	**19**	**18**	48

Other income, net	**1**	1	89	**1**	1	152
Income before income taxes	**23**	**19**	93	**20**	**19**	52
Income tax expense	**(8)**	(7)	94	**(7)**	(7)	53
Net income	**15**	**12**	92	**13**	**12**	51

Overview
Rimage develops, manufactures and distributes CD-Recordable (CD-R) and DVD-Recordable (DVD-R) publishing and duplication systems from its operations in the United States, Germany, and effective June 2005, in Japan. These systems allow customers to benefit from cost savings by eliminating their manual labor efforts in industries such as banking, medical, retail and government. Rimage anticipates continued investments in sales and marketing to further penetrate these markets. As Rimage's sales within North America and Europe have averaged 94% of total sales over the past three years, the strength of the economies in each of these regions plays an important role in determining the success of Rimage.

Rimage earns revenues through the sale of equipment, consumables (ribbons, ink cartridges and Rimage-branded blank CD-R and DVD-R media), maintenance contracts, parts and repair services. Rimage's recurring revenues (consumables, maintenance contracts, parts and service) comprised approximately 37% and 39% of consolidated revenues during the nine months ended September 30, 2005 and 2004, respectively. Exclusive of a small amount of capital lease obligations, Rimage has no long-term debt and does not require significant capital investments as all fabrication of its products is outsourced to vendors.

Results of Operations

Revenues. Revenues increased 56% to $28.0 million and 42% to $71.1 million for the three and nine months ended September 30, 2005, respectively, from $17.9 million and $50.0 million for the same prior-year periods. The growth in revenues for both the quarterly and year-to-date periods was primarily impacted by an increase in sales of producer product line equipment of $7.3 million and $11.4 million, respectively. Producer product line sales include the shipment in the third quarter of a $6 million equipment order related to the Company's product rollout into the U.S. retail market. Recurring revenues, including sales of CD-R and DVD-R media, printer ribbons and ink cartridges, parts and maintenance contracts, also contributed significantly to sales growth, with increases of $2.4 million and $7.1 million for the three and nine months ended September 30, 2005, respectively. The strong growth in recurring revenues is primarily due to the continued expansion of the Company's worldwide installed base of CD-R and DVD-R publishing systems and sales of Rimage-branded media kits, which the Company began to sell in 2004. Sales of desktop product line equipment increased $0.4 million and $2.7 million during the third quarter and year-to-date periods in 2005, compared to the same prior year periods.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

International sales rose 29% and 24% for the three and nine months ended September 30, 2005 over the same prior year periods, and comprised 28% and 33% of total sales, compared to 34% and 37%, respectively. The decline in the concentration of international sales relative to total sales was impacted by the $6 million sale of producer product line equipment into the U.S. retail market in the third quarter. Currency fluctuations primarily affecting the Company's European operations increased reported revenues for the three and nine months ended September 30, 2005 by less than 1%.

As of and for the nine months ended September 30, 2005, foreign revenues from unaffiliated customers generated by the Company's German and Japanese operations and the operating income and net identifiable assets of such operations were $19,260,000, $559,000 and $6,898,000, respectively. These amounts relate primarily to the Company's German operations, as the establishment of subsidiary operations in Japan did not occur until June 2005. Comparable amounts for the Company's German operations as of and for the nine months ended September 30, 2004 were revenues of $16,015,000, operating income of $634,000 and net identifiable assets of $5,187,000. The growth is due to increasing penetration in foreign markets of sales of CD-R and DVD-R products.

Gross profit. Gross profit as a percentage of revenues was 48% and 46% for the three and nine months ended September 30, 2005, respectively, compared to 44% and 46% for the same prior-year periods. Favorably impacting gross profit as a percentage of revenues in both current year periods was an increase in both the volume and concentration of producer product line equipment sales, which generally carry higher margins than desktop product line equipment or recurring revenues, including consumable product sales. Producer product line sales comprised 57% and 52% of total sales in the three and nine months ended September 30, 2005, compared to 47% and 51% in the same prior year periods. Partially offsetting the favorable impact in both the quarterly and year-to-date periods of the higher volume and concentration of producer product line sales were increased costs for service and manufacturing labor and overhead stemming from increased investments in these areas to support the introduction of the Rimage 360i desktop product in the second quarter and an expected continued growth in total sales.

Rimage anticipates that its gross profit percentage for the full year 2005 will be in the mid-40% range. Actual margins will continue to be affected by many factors, including product mix, the timing of new product introductions, manufacturing volume, foreign currency exchange rate fluctuations and levels of sales returns.

Operating expenses. Research and development expenses totaled $1.4 million and $4.2 million for the three and nine months ended September 30, 2005, representing 5% and 6% of revenues, respectively. Expenses for the same prior year periods totaled $1.0 million and $3.4 million, representing 6% and 7% of revenues, respectively. The 39% and 24% respective increases in 2005 expenses reflect continued development of next generation products, and additionally, for the year-to-date period, materials and resources required to complete development work on the Rimage 360i desktop product released in the second quarter 2005.

Rimage expects its research and development expenditures to approximate 6% of revenues for the full year 2005. These expenditures will be made to support new product development initiatives and improve existing products.

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Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Selling, general and administrative expenses for the three and nine months ended September 30, 2005 were 21% of revenues at $5.9 million and $15.1 million, respectively, compared to expenses in the same prior year periods at 21% of revenues, or $3.7 million and $10.6 million, respectively. Sales and marketing expenses increased approximately $0.6 million and $1.9 million for the three and nine months ended September 30, 2005, respectively, reflecting implementation of programs to support the second quarter launch of the Rimage 360i desktop product and other marketing initiatives and promotional activities, as well as a 7% and 11% respective increase in average sales and marketing headcount relative to the same prior year periods. General and administrative expenses contributed the remaining $1.6 million and $2.6 million growth in expenses in the second quarter and year-to-date period, respectively, impacted largely by $1.1 million of consulting expenses incurred in the third quarter for a strategic study. Also contributing to the expense growth in the third quarter and year-to-date period were increased costs associated with a 26% and 19% respective increase in average headcount and increased management compensation costs.

Other income, net. The Company recognized net interest income on cash investments of $0.4 million and $1 million for the three and nine months ended September 30, 2005, respectively, compared to $0.2 million and $0.4 million for the same prior year periods. The increase in the quarterly and year-to-date periods was due to a $9 million and $8 million respective increase in average cash equivalent and marketable securities balances and a small increase in effective yields. Other income for the three and nine months ended September 30, 2005 was negatively affected by net losses on foreign currency transactions, amounting to $40,000 in the third quarter and $113,000 in the year-to-date period.

Income taxes. The provision for income taxes represents federal, state, and foreign income taxes on income. Income tax expense for the three and nine months ended September 30, 2005 amounted to $2.3 million and $5.2 million, or 36.3% and 36.5% of income before taxes, respectively. Income tax expense for the three and nine months ended September 30, 2004 was $1.2 million and $3.4 million or 36.5% of income before taxes for each period. The Company anticipates its effective tax rate will range between 36% and 37% for the full year 2005.

Net income / net income per share. Resulting net income for the three and nine months ended September 30, 2005 was $4.1 million, or 14.6% of revenues, and $9.1 million, or 12.7% of revenues, respectively. This compares to net income of $2.1 million, or 11.8% of revenues, and $6.0 million, or 12.0% of revenues for the same prior year periods. Related net income per diluted share amounts for the three and nine months ended September 30, 2005 were $0.39 and $0.88, respectively, compared to $0.21 and $0.60 per diluted share for the same prior year periods.

Liquidity and Capital Resources

The Company expects it will be able to maintain current operations, including anticipated capital expenditure requirements, through its internally generated funds and, if required, from Rimage's existing credit agreement. This credit agreement allows for advances under an unsecured revolving loan up to a maximum advance of $10 million. At September 30, 2005, no amounts were outstanding under the credit agreement.

Current assets increased to $84.7 million as of September 30, 2005 from $71.7 million at December 31, 2004, primarily reflecting increased cash and cash equivalents and marketable securities ($9.2 million) and accounts receivable ($4.6 million), partially offset by a decline in inventories ($1.2 million). The increase in cash and marketable securities and accounts receivable was impacted largely by revenue growth during the nine months ended September 30, 2005. Inventory levels at September 30, 2005 decreased by 16% from December 31, 2004, due to increased sales in the third quarter and improved inventory management. Inventories remain high relative to historic levels due to the need to stock long lead-time parts and additional inventory of CD-R and DVD-R media, printer ribbons and cartridges as a result of expected continued growth in consumable product sales. Current liabilities increased to $14.1 million as of September 30, 2005 from $11.3 million as of December 31, 2004, primarily due to increased accounts payable ($1.6 million), accrued expenses ($0.5 million), income taxes payable ($0.4 million) and deferred income and customer deposits ($0.5 million). The increase in accounts payable primarily reflects the accrual of fees due to a third party consulting firm for a strategic study and also the timing of vendor payments. The Company intends on utilizing its current assets primarily for its continued organic growth. In addition, the Company may use its available cash for potential future acquisitions or strategic alliances.

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Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Net cash provided by operating activities was $9.2 million for the nine months ended September 30, 2005, compared to $1.2 million in the same prior year period. The approximate $8 million increase in cash generated from operations was primarily impacted by a $3.2 million increase in net income adjusted for non-cash items and a $4.8 million favorable net impact from changes in operating assets and liabilities. Primarily contributing to the change in operating assets and liabilities was the $4.2 million impact of inventories declining by $1.2 million during the nine months ended September 30, 2005, compared to a $3 million increase in the same prior year period. The prior year increase in inventories was primarily the result of a build-up of inventory for long lead-time materials. As noted above, inventories declined in the current year period due to a high level of sales in the third quarter and improved inventory management. Other net favorable changes in operating assets and liabilities during the nine months ended September 30, 2005 were largely offset by the impact of a high level of sales in the third quarter resulting in a $2.1 million larger increase in trade accounts receivable during the current period compared to the same prior year period.

Net cash provided by investing activities was $6.1 million for the nine months ended September 30, 2005, compared to a net use of cash of $4.1 million during the same period in 2004. The increase in cash provided by investing activities was primarily the result of a $9.9 million decrease in purchases of marketable securities, net of related maturities of marketable securities, and a $0.2 million decrease in capital expenditures.

Net cash provided by financing activities totaled $1.3 million and $0.9 million for the nine months ended September 30, 2005 and 2004, respectively. Amounts in both periods primarily reflect proceeds from stock option exercises.

Critical Accounting Policies.

Management utilizes its technical knowledge, cumulative business experience, judgment and other factors in the selection and application of the Company's accounting policies. The following accounting policies are considered by management to be the most critical to the presentation of the consolidated financial statements because they require the most difficult, subjective and complex judgments:

Revenue Recognition. Revenue for product sales (including hardware and consumables), which do not include any requirement for installation or training, is recognized on shipment, at which point the following criteria of SAB Topic 13(A)(1) have been satisfied:

- Persuasive evidence of an arrangement exists. Orders are received for all sales and sales invoices are mailed on shipment.

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- Delivery has occurred. Product has been transferred to the customer or the customer's designated delivery agent, at which time title and the risk of loss transfers.
- The vendor's price is fixed or determinable. All sales prices are fixed at the time of the sale (shipment).
- Collectibility is probable. All sales are made on the basis that collection is expected in line with the Company's standard payment terms, which are consistent with industry practice in the geographies in which the Company markets its products.

A standard product sale by the Company does not require a commitment on the Company's part to provide installation, set-up or training. When such services are requested, value-added resellers generally arrange and perform the service directly with the customer, with no financial interest or obligation on the part of the Company. In the limited situations in which the Company does provide installation or training services for customers, the Company charges separately for the service based upon its published list prices, and recognizes revenue upon the successful completion of the service.

The Company accrues for warranty costs and sales returns at the time of shipment based upon historical experience and known trends in the business.

Revenue for maintenance agreements is recognized on a straight-line basis over the life of the contracts (commencing once the period covered by standard warranty expires) based on renewal prices.

EITF 00-21, "Revenue Arrangements with Multiple Deliverables," provides revenue recognition guidance for arrangements with multiple deliverables, and the criteria to determine if items in a multiple deliverable agreement should be accounted for separately. In some arrangements, the different revenue-generating activities are sufficiently separable and there exists sufficient evidence of their fair values to separately account for some or all of the activities. In other arrangements, some or all of the deliverables are not independently functional, or there is not sufficient evidence of their fair values to account for them separately. This issue addresses when and how an arrangement involving multiple deliverables should be divided into separate units of accounting. This issue does not change otherwise applicable revenue recognition criteria.

Allowance for Doubtful Accounts and Sales Returns. The Company records a reserve for accounts receivable that are potentially uncollectible. The reserve is established based on a specific assessment of accounts with known collection exposure, based upon a review of the age of the receivable, the customer's payment history, the customer's financial condition and industry and general economic conditions, as well as a general assessment of collection exposure in the remaining receivable population based upon bad debt history. Actual bad debt exposure could differ significantly from management's estimates if economic conditions worsened for the Company's customers. The Company also records a reserve for sales returns from its customers. The amount of the reserve is based upon historical trends, timing of new product introductions and other factors.

Inventory Reserves. The Company records reserves for inventory shrinkage and for potentially excess, obsolete and slow moving inventory. The amounts of these reserves are based upon historical loss trends, inventory levels, physical inventory and cycle count adjustments, expected product lives and forecasted sales demand. Results could be materially different if demand for the Company's products decreased because of economic or competitive conditions, or if products became obsolete because of technical advancements in the industry or by the Company.

Deferred Tax Assets. The Company recognizes deferred tax assets for the expected future tax impact of temporary differences between book and taxable income. A valuation allowance and income tax charge are recorded when, in management's judgment, realization of a specific deferred tax asset is uncertain. Income tax expense could be materially different from actual results because of changes in management's expectations regarding future taxable income, the relationship between book and taxable income and tax planning strategies employed by the Company.

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Warranty Reserves. The Company's non-consumable products are warranted to the end-user to ensure end-user confidence in design, workmanship and overall quality. Warranty lengths vary by product type, ranging from periods of six to twelve months. Warranty covers parts, labor and other associated expenses. The Company performs the majority of warranty work, while authorized distributors and dealers also perform some warranty work. The Company records a liability for warranty claims at the time of sale. The amount of the liability is based on an analysis of historical claims experience, which includes labor, parts and freight costs and consideration of the proportion of parts that can be re-used. Also considered are the anticipated impact of changes in product quality, releases of new products and other factors. Claims experience could be materially different from actual results because of the introduction of new, more complex products; a change in the Company's warranty policy in response to industry trends, competition or other external forces; or manufacturing changes that could impact product quality.

New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 123 (Revised 2004), “Share-Based Payment.” SFAS No 123R is a revision of SFAS No. 123, “Accounting for Stock-Based Compensation” and supersedes Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees” and its related implementation guidance. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services through share-based payment transactions. SFAS No 123R requires a public entity to measure the cost of employee services received in exchange for the award of equity instruments based on the fair value of the award at the date of grant. The cost will be recognized over the period during which an employee is required to provide services in exchange for the award. In April 2005, the Securities and Exchange Commission amended the compliance dates for SFAS No. 123R, with the result that the effective date for the Company’s implementation of SFAS No. 123R is deferred from July 1, 2005 to January 1, 2006. In April 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 107, “Share-Based Payment,” confirming the latitude in SFAS No. 123R’s provisions on selecting models for valuing share options and clarifying other positions on accounting and disclosure for share-based-payment arrangements. SAB 107 permits registrants to choose from different valuation models to estimate the fair value of share options, assuming consistent application, and also provides guidance on developing assumptions used in valuing employee share options and on related MD&A disclosures. While the Company cannot precisely determine the impact on net earnings that may result from the adoption of SFAS No 123R, estimated compensation expense related to prior annual periods can be found in the notes to the Consolidated Financial Statements included in the Company’s Form 10-K for the year ended December 31, 2004, and for interim periods, note 1 to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10Q. The ultimate amount of increased compensation expense will be dependent on whether the Company adopts SFAS No. 123R using the modified prospective or retrospective method, the number of option shares granted during the year, their timing and vesting period, and the method used to calculate the fair value of the awards, among other factors. The Company has not completed its evaluation of the impact of adopting SFAS No. 123R, but expects the adoption to have an adverse impact on net earnings and net income per share.

FASB Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations,” was issued in March 2005, and provides clarification on certain provisions of SFAS No. 143, “Accounting for Asset Retirement Obligations.” Under Interpretation No. 47, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for a conditional asset retirement obligation should be recognized when incurred, generally upon acquisition, construction, development or through the normal operation of the asset. This Interpretation also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. Interpretation No. 47 is effective for the Company no later than December 31, 2005, and is not expected to have a significant impact on the Company’s consolidated financial statements.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

In November 2004, the FASB issued SFAS No. 151, “Inventory Costs, an amendment of ARB No. 43, Chapter 4.” SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, “Inventory Pricing,” to clarify the accounting for abnormal amounts of idle facility expense, freight, handling charges and spoilage. This Statement requires that those items be recognized as current period charges regardless of whether they meet the criterion of “so abnormal” which was the criterion specified in ARB No. 43. In addition, this Statement requires that allocation of fixed production overheads to the cost of production be based on normal capacity of the production facilities. The provisions under SFAS No. 151 are effective for the Company beginning January 1, 2006, and shall be applied prospectively. The Company does not expect that the adoption of this pronouncement will have a significant impact on its consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections.” SFAS No. 154 replaces APB No. 20, “Accounting Changes,” and SFAS No. 3, “Reporting Changes in Interim Financial Statements.” SFAS No. 154 requires retrospective application to prior period’s financial statements of voluntary changes in accounting principle unless it is impracticable to do so. Retrospective application refers to the application of a different accounting principle to previously issued financial statements as if that principle had always been used. Statement No. 154‘s retrospective-application requirement replaces APB 20‘s requirement to recognize most voluntary changes in accounting principle by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This Statement is effective for the Company for accounting changes and corrections of errors made beginning January 1, 2006. The Company does not currently expect the adoption of this pronouncement to have a significant impact on its consolidated financial statements.

In September 2005, the Emerging Issues Task Force approved EITF 04-13, “Accounting for Purchases and Sales of Inventory with the Same Counterparty.” Issue No. 04-13 defines when a purchase and a sale of inventory with the same party that operates in the same line of business should be considered a single nonmonetary transaction subject to APB Opinion 29, “Accounting for Nonmonetary Transactions.” According to this Issue, two or more inventory transactions with the same party should be combined if they are “entered in contemplation of one another.” Issue No. 04-13 also differentiates those nonmonetary exchanges of inventory in the same line of business that should be recognized at fair value from those that should be recognized at their carrying amounts. Issue No. 04-13 is effective for the Company for new arrangements entered into, or modifications or renewals of existing arrangements, beginning in the second quarter 2006. The Company does not expect the adoption of this Issue to have a significant impact on its consolidated financial statements.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements that involve risks and uncertainties. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate” or “continue” or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial 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, the following, as well as other factors not now identified: the Company's ability to keep pace with changes in technology in the computer and storage media industries as well as technology changes in the retail, medical, banking, government and office markets; increasing competition and the ability of the Company's products to successfully compete with products of competitors and newly developed media storage products; the ability of the Company's newly developed products to gain acceptance and compete against products in their markets, including the ability of the Company's 360i desktop product to gain acceptance and compete in the retail market; the significance of the Company's international operations and the risks associated with international operations including currency fluctuations, local economic health and management of these operations over long distances; the Company's ability to protect its intellectual property and to defend claims of others relating to its intellectual property; the Company's dependence upon the selling efforts of the Company's key channel partners; the Company's ability to maintain adequate inventory of products; the Company's reliance on single source suppliers; the ability of the Company's products to operate effectively with the computer products developed and to be developed by other manufacturers; the negative effect upon the Company's business from manufacturing or design defects; the effect of U.S. and international regulation, including the costs of implementing and complying with new regulations enacted in various countries requiring the reduction of hazardous substances in electrical and electronic equipment, including the European Union Waste Electrical and Electronic Equipment Directive and Restriction of Hazardous Substances Directive; fluctuations in the Company's operating results; the Company's dependence upon its key personnel; the volatility of the price of the Company's common stock; provisions governing the Company relating to a change of control, compliance with corporate governance and securities disclosures rules and other risks, including those set forth in the Company's reports filed with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2004. These forward-looking statements are made as of the date of this report and the Company assumes no obligation to update such forward-looking statements, or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk from foreign exchange rate fluctuations of the European Euro and the Japanese Yen to the U.S. dollar as the financial position and operating results of the Company's German and Japanese subsidiaries, Rimage Europe and Rimage Japan, respectively, are translated into U.S. dollars for consolidation. Resulting translation adjustments are recorded as a separate component of stockholders' equity.

The Company enters into forward exchange contracts principally to hedge the eventual dollar cash flow of foreign currency denominated transactions (principally European Euro) with Rimage Europe. The primary objective of these hedging activities is to maintain an approximately balanced position in foreign currencies so that exchange gains and losses resulting from exchange rate changes, net of related tax effects, are minimized. Gains or losses on forward exchange contracts are recognized in income on a current basis over the term of the contracts. The Company records the fair value of its open forward foreign exchange contracts in other current assets or other current liabilities depending on whether the net amount is a gain or a loss. The Company does not utilize financial instruments for trading or other speculative purposes.

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Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer, Bernard P. Aldrich, and the Company's Chief Financial Officer, Robert M. Wolf, have evaluated the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon such evaluation, they have concluded that these disclosure controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting**.**

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

Not applicable

Item 5. Other Information

Not applicable.

Item 6. Exhibits

(a) The following exhibits are included herein:

11.1	Calculation of Earnings per Share.
31.1	Certificate of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Exchange Act.
31.2	Certificate of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Exchange Act.
32	Certifications pursuant to 18 U.S.C. §1350.

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SIGNATURES

In accordance with the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

RIMAGE CORPORATION
Registrant

Date: November 4, 2005

By: /s/ Bernard P. Aldrich

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

Date: November 4, 2005

By: /s/ Robert M. Wolf

Robert M. Wolf
Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)

Exhibit 11.1

RIMAGE CORPORATION
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. Diluted net income per common share is determined by dividing net income by the weighted average number of shares of common stock and common share equivalents outstanding, unless the result is anti-dilutive. A total of 192 assumed conversion shares for the nine months ended September 30, 2005, and 2,969 and 10,827 assumed conversion shares for the three and nine months ended September 30, 2004, respectively, were excluded from the net loss per share computation as their effect is anti-dilutive. The following is a summary of the weighted average common shares outstanding and assumed conversion shares:

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Shares outstanding at end of period	9,579,873	9,354,645	9,579,873	9,354,645
Weighted average shares of common stock outstanding	9,553,208	9,339,208	9,506,540	9,265,451
Weighted average shares of assumed conversion shares	826,727	580,363	743,012	645,553
Weighted average shares of common stock and assumed conversion shares	10,379,935	9,919,571	10,249,552	9,911,003
Net income	$ 4,085,031	$ 2,110,359	$ 9,063,837	$ 5,973,154
Basic net income per common share	$ 0.43	$ 0.23	$ 0.95	$ 0.64
Diluted net income per common share	$ 0.39	$ 0.21	$ 0.88	$ 0.60

Exhibit 31.1

CERTIFICATION

I, Bernard P. Aldrich, certify that:

1. I have reviewed this Form 10-Q of Rimage 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(s) 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: November 4, 2005

/s/ Bernard P. Aldrich

Bernard P. Aldrich
President and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, Robert M. Wolf, certify that:

1. I have reviewed this Form 10-Q of Rimage 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(s) 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: November 4, 2005

/s/ Robert M. Wolf

Robert M. Wolf
Chief Financial Officer

Exhibit 32

CERTIFICATION

The undersigned certify pursuant to 18 U.S.C. § 1350, that:

(1) The accompanying Quarterly Report on Form 10-Q for the period ended September 30, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the accompanying report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2005

/s/ Bernard P. Aldrich

President and Chief
Executive Officer

Date: November 4, 2005

/s/ Robert M. Wolf

Chief Financial Officer