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, 1998; 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 31, 1998 -- 3,234,599 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
TABLE OF CONTENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1998

RIMAGE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 1998 and December 31, 1997

Assets	June 30, 1998 (unaudited)	December 31, 1997
Current assets:		
Cash and cash equivalents	$ 3,187,705	$ 656,127
Trade accounts receivable, net of allowance for doubtful accounts and sales returns of $328,738 and $505,458, respectively	5,053,008	4,778,055
Inventories (note 2)	2,520,098	2,265,867
Income tax receivable	518,400	23,350
Prepaid expenses and other current assets	331,303	472,728
Total current assets	11,610,514	8,196,127
Property and equipment, net	5,139,572	5,846,953
Goodwill, net	808,335	848,692
Other noncurrent assets	139,573	271,740
Total assets	$17,697,994	$15,163,512

See accompanying condensed notes to consolidated financial statements

Liabilities and Stockholders' Equity	June 30, 1998 (unaudited)	December 31, 1997
Current liabilities:		
Current portion of notes payable	$ 900,000	$ 900,000
Current installments of capital lease obligations	388,190	356,053
Trade accounts payable	2,553,666	2,789,973
Accrued expenses (Note 4)	1,532,575	1,069,315
Income taxes payable	492,680	--
Deferred income and customer deposits	683,393	640,725

Total current liabilities	6,550,504	5,756,066
Notes payable, less current portion	300,000	750,000
Capital lease obligations, less current installments	2,461,064	2,661,334
Total liabilities	9,311,568	9,167,400
Minority interest in inactive subsidiary	57,907	57,907
Stockholders' equity:		
Common stock, $.01 par value, authorized 10,000,000 shares, issued and outstanding 3,159,871 and 3,091,302, respectively	31,599	30,913
Additional paid-in capital	10,781,157	10,468,136
Accumulated deficit	(2,354,208)	(4,405,218)
Foreign currency translation adjustment	(130,029)	(155,626)
Total stockholders' equity	8,328,519	5,938,205
Total liabilities and stockholders' equity	$ 17,697,994	$ 15,163,512

</TABLE>

RIMAGE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Revenues	$ 8,841,289	$ 10,337,931	$ 18,489,889	$ 21,164,704
Cost of revenues	5,131,110	7,440,193	10,962,842	15,702,276
Gross profit	3,710,179	2,897,738	7,527,047	5,462,428
Operating expenses:				
Engineering and development	407,466	527,974	916,877	1,084,667
Selling, general and administrative	1,905,681	1,702,394	3,947,931	3,438,312
Total operating expenses	2,313,147	2,230,368	4,864,808	4,522,979
Operating earnings	1,397,032	667,370	2,662,239	939,449
Other (expense) income:				
Interest expense, net	(66,239)	(244,927)	(157,878)	(512,065)
Gain on currency exchange	32,453	41,159	26,770	38,740
Other, net	31,289	2,591	40,079	15,099
Total other expense, net	(2,497)	(201,177)	(91,029)	(458,226)
Earnings before income taxes	1,394,535	466,193	2,571,210	481,223
Income taxes	347,000	60,143	520,200	60,143
Net earnings	$ 1,047,535	$ 406,050	$ 2,051,010	$ 421,080

Basic net earnings per common share	$ 0.33	$ 0.13	$ 0.66	$ 0.14
Diluted net earnings per common share and common share equivalents	$ 0.29	$ 0.13	$ 0.57	$ 0.14
Basic weighted average shares	3,142,384	3,084,500	3,118,012	3,084,500
Diluted weighted average shares and common share equivalents outstanding	3,619,456	3,088,833	3,572,562	3,088,833

</TABLE>

See accompanying condensed notes to the consolidated financial statements

RIMAGE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(unaudited)

<TABLE>
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	Six months ended June 30, 1998	1997
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings	$ 2,051,010	$ 421,080
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,064,688	1,394,694
Change in reserve for excess and obsolete inventories	73,953	13,895
Change in reserve for allowance for doubtful accounts	(176,720)	(49,000)
Loss on sale of property, plant, and equipment	21,501	69,424
Changes in operating assets and liabilities:		
Trade accounts receivable	(98,233)	(1,086,742)
Inventories	(328,184)	1,503,841
Income tax receivable	(495,050)	147,924
Prepaid expenses and other current assets	95,231	(126,628)
Trade accounts payable	(236,307)	(810,264)
Accrued expenses	463,260	(410,918)
Income taxes payable	492,680	--
Deferred income and customer deposits	42,668	148,390
Net cash provided by operating activities	2,970,497	1,215,696
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(262,941)	(237,916)
Proceeds from the sale of property and equipment	8,644	16,000
Other noncurrent assets	64,812	121,724
Receipts from sales-type leases	58,207	211,337
Net cash (used in) provided by investing activities	(131,278)	111,145

</TABLE>

(Continued)

RIMAGE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

<TABLE>

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	Six months ended June 30, 1998	1997
<S>	<C>	<C>
Cash flows from financing activities:		
Proceeds from stock option exercise	313,707	--
Principal payments on capital lease obligation	(168,133)	(152,727)
Proceeds from other notes payable	--	18,107,751
Repayment of other notes payable	(450,000)	(19,304,032)
Net cash used in financing activities	(304,426)	(1,349,008)
Effect of exchange rate changes on cash	(3,215)	(70,086)
Net increase (decrease) in cash	2,531,578	(92,253)
Cash and cash equivalents, beginning of period	656,127	117,322
Cash and cash equivalents, end of period	$ 3,187,705	$ 25,069
Supplemental disclosures of net cash paid during the period for:		
Interest	$ 219,285	$ 513,388
Income taxes	$ 495,050	$ 18,186

</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

The consolidated financial statements include the accounts of Rimage Corporation, Rimage Europe GmbH, A/G Systems Inc., d/b/a Duplication Technology Inc. (Rimage Boulder), Knowledge Access International (Knowledge Access) and Rimage Services, collectively hereinafter referred to as Rimage or the Company. All material intercompany accounts and transactions have been eliminated upon consolidation.

The Company operates in two divisions, Rimage Systems Division and Rimage Services Division. The Rimage Systems Division consists of substantially all of the former Rimage Companies. The Rimage Services Division consists of Rimage Services in addition to the existing service business at Rimage Boulder.

The Systems Division develops, manufactures and distributes high performance CD-Recordable (CD-R) publishing and duplication systems, and continues to support its long term involvement in diskette duplication and publishing equipment. The Services Division provides computer media duplication and production services to software developers and manufacturers and information publishers.

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.

(Continued)

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

(1) BASIS OF PRESENTATION AND NATURE OF BUSINESS (CONTINUED)

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.

(2) INVENTORIES

Inventories consist of the following as of:

	June 30, 1998 (unaudited)	December 31, 1997
Finished goods and demonstration equipment	$ 885,659	$ 578,689
Work-in-process	230,033	234,177
Purchased parts and subassemblies	1,926,359	1,901,001
	3,042,051	2,713,867
Less reserve for excess inventories	521,953	448,000
	$ 2,520,098	$ 2,265,867

(Continued)

(3) SEGMENT REPORTING

The following table summarizes certain financial information for the Systems and Service segments:

(in thousands)	Six Months Ended June 30, (unaudited) 1998	1997
Revenues from unaffiliated customers:		
Systems	$ 12,733	$ 10,548
Service	5,757	10,617
	18,490	21,165
Operating earnings (loss):		
Systems	2,668	1,228
Service	(6)	(288)
	$ 2,662	$ 940

	June 30, 1998 (unaudited)	December 31, 1997
Net identifiable assets:		
Systems	$ 10,915	$ 7,031
Service	5,975	7,283
	$ 16,890	$ 14,314

As of and for the six months ended June 30, 1998, foreign revenues from unaffiliated customers, operating earnings, and net identifiable assets were $3,786,000, $588,000 and $2,333,000, respectively. As of and for the six months ended June 30, 1997, foreign revenues from unaffiliated customers, operating loss, and net identifiable assets were $1,991,000, $(58,000), and $2,029,000, respectively.

(4) NOTES PAYABLE TO BANK

On July 30, 1998, the Company paid $1,200,000 to extinguish the outstanding balance of its Term Note with the bank.

(Continued)

(5) COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, REPORTING COMPREHENSIVE INCOME. This statement requires companies to classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the balance sheet, and is effective for the Company's year ending December 31, 1998. 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 three and six months ended June 30, 1998, comprehensive income would be $25,597 more than reported net income, due to foreign currency translation adjustments.

(6) SUBSEQUENT EVENTS

In connection with the planned divestiture of a portion of the Company's services division, on July 30, 1998, the Company paid $1,385,528 to eliminate debt associated with a capital lease on certain CD-ROM equipment. The Company then sold a substantial portion of its CD-ROM equipment to a third party for $1,904,102 cash through a Bill of Sale agreement dated July 31, 1998. The Company will recognize a loss on the sale of the assets in its third quarter financial statements totaling approximately $460,000.

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>
<CAPTION>

	Three months ended June 30,		Six months ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Revenues:				
Systems	$ 6,602	$ 5,816	$ 12,733	$ 10,548
Services	2,239	4,522	5,757	10,617
Total Revenues	8,841	10,338	18,490	21,165
Cost of Revenues:				
Systems	3,102	3,467	6,029	6,261
Services	2,029	3,973	4,934	9,441
Total Cost of Revenues	5,131	7,440	10,963	15,702
Operating Expenses:				
Systems	1,979	1,546	4,036	3,059

Services	334	684	829	1,464
Total Operating Expenses	2,313	2,230	4,865	4,523
Operating Earnings:				
Systems	1,521	803	2,668	1,228
Services	(124)	(135)	(6)	(288)
Total Operating Earnings	$ 1,397	$ 668	$ 2,662	$ 940

</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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

Rimage operates through two primary divisions: (1) the systems division designs, manufactures and sells high performance, on-demand publishing and duplication equipment for CD-R's, diskettes and tapes, and (2) the services division provides media duplication and fulfillment services for most computer media types, including CD-ROM, diskette, tape and other media such as ZIP and Jazz disks. Results of operations during the three and six months ended June 30, 1998 reflected the continued trend of substantial growth and profitability in the systems division and lower contribution from the services division.

REVENUE. Revenue decreased 14.5% from $10.3 million during the second quarter of 1997 to $8.8 million during the second quarter of 1998. All of the decrease, however, occurred in the services division, which recorded a 50.5% decline in revenue from $4.5 million in the second quarter of 1997 to $2.2 million in the second quarter of 1998. Revenue in the services division was affected by decreasing demand for diskette duplication services and as a result of the Company's ongoing intent to focus its sales efforts more heavily towards expanding the systems division current distribution network. Increasing sales of its CD-R products, resulting from expanded market penetration, caused revenue in the systems division to increase 13.5% to $6.6 million during the second quarter of 1998 from $5.8 in the second quarter of 1997.

For the six months ended June 30, 1998, revenues of $18.5 million represented a 12.6% decrease as compared to revenues of $21.2 million during the same period in 1997. Services division revenues decreased 45.8% from $10.6 million during the six months ended June 30, 1997 to $5.8 million during the same period in 1998. Revenue in the services division was affected by the loss of a customer that provided 11.0% of services sales during the first quarter of 1997, by decreasing demand for diskette duplication services, and as a result of the Company's ongoing intent to focus its sales efforts more heavily towards expanding the systems division current distribution network. Primarily as a result of continued increasing demand of CD-R related products, systems division revenues increased 20.7% from $10.5 million during the six months ended June 30, 1997 to $12.7 million during the same period in 1998.

On July 31, 1998, the Company sold a substantial portion of the assets, consisting primarily of CD-ROM production equipment, associated with its Minnesota services operations and terminated services operations in Minnesota. The Company recognized a $460,000 loss on such sale, which will be reflected in other expense during the quarter ended September 30, 1998. The Minnesota operations, which contributed $3.7 million to revenue during the six month period, were operating at a $50,000 loss. Although the Company anticipates generating increasing revenue in its systems division over the next few quarters, it is unlikely that such revenues will offset the decrease in revenue from discontinuation of the Minnesota services operation.

GROSS PROFIT. Gross profit as a percent of sales during the second quarter of 1998 was 42.0% compared to 28.0% during the same period of 1997. The increase was due to the greater proportion of high margin systems sales in the 1998 quarter, primarily sales of CD-R equipment. Services division gross profit as a percent of sales remained relatively constant comparing the second quarter

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

of 1997 to the second quarter of 1998. Systems division gross profit as a percent of sales during the second quarter of 1998 was 53.0% compared to 40.4% during the same period of 1997. This increase is due to higher margin CD-R products contributing a greater percentage of sales and due to manufacturing efficiencies instituted during the latter half of 1997.

Gross profit as a percent of sales during the six month period ended June 30, 1998 was 40.7% compared to 25.8% during the same period of 1997. Systems division gross profit as a percent of sales during the six month period ended June 30, 1998 was 52.7% compared to 40.6% during the same period of 1997. The increase in total and systems division gross profit as a percent of sales is due to a larger mix of high margin CD-R product sales during the 1998 period and due to manufacturing efficiencies instituted during the latter half of 1997.Services division gross profit as a percent of sales remained relatively constant comparing the second quarter of 1997 to the second quarter of 1998. With the termination of Minnesota services operations and the resulting increase in the proportion of revenue from the Company's systems division, margins should continue to improve over the next several quarters.

OPERATING EXPENSE. Operating expense remained relatively constant comparing the second quarter of 1997 to the second quarter of 1998 but increased as a percentage of revenue from 21.6% in the second quarter of 1997 to 26.2% in the second quarter of 1998. All of the increase in operating expense related to increased sales and marketing expenses. During the second quarter of 1998, the Company continued to expand its distribution network, both domestically and internationally, for its systems products and has intensified the promotion of joint marketing campaigns with distributors and value added resellers. These steps, combined with the increasing percentage of overall sales from the systems division (where products are sold through distribution) as opposed to services (where services are generated primarily through contacts and advertisement) were primary causes of sales and marketing expense to increase from $987,000 or 9.6% of revenue in the second quarter of 1997 to $1,338,000 or 15.1% of revenue in the second quarter of 1998. Partially offsetting the increased sales and marketing expense was a decrease in general and administrative expense both in terms of dollars (from $715,000 in the second quarter of 1997 to $568,000 in the second quarter of 1998) and as a percentage of revenue (from 6.9% in the second quarter of 1997 to 6.4% in the first quarter of 1998). Research and development expense remained relatively constant between the periods. One of the Company's principal objectives is to continue to reduce expenditures in administration as a percentage of revenue and direct more resources to revenue producing activities through selling and marketing expense. Accordingly, the Company intends to continue spending in sales and marketing.

Operating expense increased from $4.5 million, or 21.3% of revenue, during the six month period ended June 30, 1997 to $4.9 million, or 26.3% of revenue, during the same period of 1998. All of the increase in operating expense related to increased sales and marketing expenses. During the six months ended June 30, 1998, the Company expanded its distribution network to include 73 value added resellers, both domestically and internationally, for its systems products and has focused efforts to promote joint marketing campaigns with distributors and value added resellers. These

steps, combined with the increasing percentage of overall sales from the systems division (where products are sold through distribution) as opposed to services (where services are generated primarily through contacts and advertisement) were primary causes of sales and marketing expense to increase from $2.0 million or 9.3% of revenue during the six months ended June 30, 1997 to $2.6 million or 13.9% of revenue during the same period of 1998. General and administrative and research and development expense remained relatively constant between the periods. One of the Company's principal objectives is to continue to reduce expenditures in administration as a percentage of revenue and direct more resources to revenue producing activities through selling and marketing expense. Accordingly, the Company intends to continue spending in sales and marketing. With the disposition of the assets related to the Minnesota services operations, the Company anticipates that both general and administrative expenses and sales and marketing expenses will increase as a percent of revenues.

INTEREST EXPENSE. The Company repaid all outstanding borrowings under its line of credit during the fourth quarter of 1997, substantially reducing net interest expense from $245,000 in the second quarter of 1997 to $66,000 in the second quarter of 1998. The Company's cash position at June 30 enabled it to extinguish the outstanding balance of its Term Note with the bank in the amount of $1.2 million and to eliminate debt associated with a capital lease on certain CD-ROM equipment in the amount of $1.4 million. As a result of these transactions, the Company anticipates net interest expense will remain lower for the balance of the year.

INCOME TAXES. The provision for income taxes represents federal, state, and foreign income taxes on earnings before income taxes. Income tax expense for the second quarter of 1998 amounted to $347,000 as compared to $60,000 for the second quarter of 1997. The Company is currently using an estimated effective tax rate of 25% to record income taxes during 1998, primarily representing federal alternative minimum tax and state taxes. In accordance with FAS 109, the Company periodically evaluates the need for a valuation allowance against its deferred tax asset. As a result of expected continued earnings, the Company expects to reduce the valuation allowance related to its deferred tax asset and recognize a corresponding tax benefit in the third quarter of 1998. Thereafter, the Company's operating results will be reported on a fully taxed basis.

NET EARNINGS. The significant change in mix of revenue to higher margin product sales in the system division, combined with only marginal increases in operating expense to support those sales, caused net earnings to increase dramatically to over $1 million in the second quarter of 1998 and over $2 million for the six month period ended June 30, 1998. The Company expects to continue to emphasize and devote much of its resources to its systems business in coming quarters.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities generated $3.0 million of cash during the six months ended June 30, 1998. This amount consisted of $3.1 million of cash generated from net earnings after adjustment for non-cash

items (primarily depreciation and amortization). Cash used to finance increased inventories was offset by an increase in accrued expenses.

The Company invested approximately $263,000 in additional equipment primarily for manufacturing purposes. Financing activities consumed $304,000 of cash primarily as a result of monthly payments under a term note agreement with its bank. The remaining balance of the term note was subsequently paid off in July of 1998.

The Company also maintains a revolving credit agreement with the same bank that provides for borrowings of up to $5,000,000 based on qualifying balances of varying assets. The Company estimates that it had available borrowing authority of approximately $3.2 million under such line at June 30, 1998, but had no outstanding advances under the line at that date.

The Company believes that the $3.2 million cash balance at June 30, 1998 and available borrowings under its credit line will be more than adequate to finance operations through the remainder of the calendar year.

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 21, 1998. 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	2,141,523	10,325
Ronald Fletcher	2,140,223	11,625
George Kline	2,140,273	11,575
Richard McNamara	2,140,273	11,575
James Reissner	2,142,273	9,575
David Suden	2,141,623	10,225

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

(a) Ratification of the selection of KPMG Peat Marwick LLP as independent accountants to audit the consolidated financial statements of Rimage Corporation for the year ending December 31, 1998. The votes of the stockholders on this ratification were as follows:

In Favor	Opposed	Abstained	Broker Non-Vote
2,140,887	3,091	7,870	-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

Exhibit No. 27.2 Financial Data Schedule-Restated

(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 8, 1998 By: /s/ Bernard P. Aldrich

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

Date: August 8, 1998 By: /s/ Robert M. Wolf

Robert M. Wolf
Controller
(Principal Accounting Officer)

EXHIBIT 11.1

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

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

<TABLE>
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	Three months ended June 30,		Six months ended June 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Shares Outstanding at beginning of period	3,104,471	3,084,500	3,091,302	3,084,500
Common stock issued in stock option exercise	55,400	--	68,569	--
Shares Outstanding at end of period	3,159,871	3,084,500	3,159,871	3,084,500
Weighted average shares of common stock outstanding	3,142,384	3,084,500	3,118,012	3,084,500
Common stock equivalents	889,797	764,599	889,797	764,599
Weighted average shares of common stock equivalents	477,072	4,333	454,550	4,333
Weighted average shares of common stock and stock equivalents	3,619,456	3,088,833	3,572,562	3,088,833
Net earnings	$1,047,535	$ 406,050	$2,051,010	$ 421,080
Basic net earnings per share	$ 0.33	$ 0.13	$ 0.66	$ 0.14
Diluted net earnings per share	$ 0.29	$ 0.13	$ 0.57	$ 0.14

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