

RDM CORPORATION – Third Quarter Fiscal 2007 Report

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements of RDM Corporation ("the Company") including the notes thereto for the three months and nine months ended June 30, 2007 and should also be read in conjunction with the audited consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended September 30, 2006 as set out in the Company's 2006 Annual Report. Neither this MD&A or accompanying consolidated interim financial statements have been reviewed nor audited by the Company's external auditors.

Forward-Looking Statements

Certain statements contained in this Management's Discussion and Analysis ("MD&A") constitute forward-looking statements. These include statements about Management's expectations, beliefs, intentions or strategies for the future, which are indicated by words such as "anticipate, intend, believe, estimate, forecast and expect" and similar words. All forward-looking statements reflect Management's current views with respect to future events, and are subject to numerous risks, uncertainties and assumptions that have been made. Management has identified a number of important factors that could cause actual results, performance or achievements to be materially different from those expressed or implied by these forward-looking statements which are discussed in this MD&A, elsewhere in the Company's annual report, and in other continuous disclosure filings of the Company. Forward-looking statements are not guarantees of future performance. Actual results could vary materially from those that are expressed or implied by these forward-looking statements due to any of the risks and uncertainties that are described in this MD&A, risks and uncertainties that are unknown to Management, or from risks that Management currently believes to be immaterial. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. Additional information relating to the Company and the risks inherent in its business is provided in the Company's Annual Information Form. Other documents are available on SEDAR at www.sedar.com and on the Company's website at www.rdmcorp.com.

Company Overview

RDM is a provider of solutions for the electronic commerce and payment processing industries. RDM has pioneered Remote Check Deposit systems and web-based image management and transaction processing services for retailers, banks, payment processors and government agencies, as well as print quality control and image quality systems for a variety of global customers.

RDM evaluates operational performance based on three operating segments: Digital Imaging, Electronic Payments Solutions, and Quality Assurance. The segments are managed separately because each segment requires unique marketing strategies and is exposed to different economic environments. The Digital Imaging segment produces electronic document readers and provides related Image and Transaction Management System ("ITMS") services to financial institutions and financial services providers. The Electronic Payments Solutions segment develops customer-specific electronic payment and e-commerce systems based on core RDM technologies to facilitate business-to-business and business-to-consumer electronic transactions. The Quality Assurance segment designs and manufactures test equipment that is used with the Company's proprietary software and algorithms to determine whether cheques and other financial documents have been designed or printed to applicable industry standards.

Overall Performance and Industry Trends

The Company successfully completed the sales transaction for its 13% interest in Xign resulting in a gain of \$2,707,000. Cash proceeds of \$8.6 million were received in the quarter. The one time impact of the transaction on EPS is \$.13. There are no tax consequences on the sale of Xign given the tax basis of the investment.

The US dollar weakened in the quarter. The company utilizes foreign exchange contracts which are marked to market through earnings. The Company had outstanding \$11.9 million in U.S. contracts on June 30. The company recorded exchange income of \$684,000 due to unrealized gain reflected on the balance sheet and included in other assets.

Both scanner sales and ITMS volume experienced significant growth compared to the third quarter of 2006. ITMS transaction volume for the third quarter 2007 averaged 1,485,000 items per week, compared to 689,000 items in the third quarter of 2006, and 1,271,000 items in the second quarter of 2007. Eight new bank distributors were signed during the quarter bringing the total to 25 banks, including one leading global financial services firm. Shipments of proprietary scanners for the third quarter of 2007 were 10,480 units compared to 7,936 units in the third quarter of 2006. Increasing adoption of remote deposit capture services is fueling demand for both ITMS and scanner sales compared to the third quarter of 2006. Electronic Payments Solutions and Quality Assurance segment results were in line with expectations. Management believes the most significant trend impacting the Company and the U.S. payments industry continues to be the Check Clearing for the 21st Century Act ("Check 21") which became effective October 28, 2004 in the United States. Check 21 grants Image Replacement Documents ("IRD's") the same legal status as the original paper version. Although the full impact of Check 21 still remains to be seen, Management expects that the Company is well positioned to be a provider of choice to the U.S. payments industry as both the Company's small document imagers and ITMS are well positioned for an industry shift towards a distributed image capture and processing model and the accelerated adoption of Electronic Cheque Conversion. In March 2007, Bill C-137 received Royal Assent which amends the legislation governing Canadian financial institutions. The change provides a framework for electronic cheque imaging in Canada. The Company continues to invest in ITMS to build a growing recurring revenue base.

Last quarter, RDM announced it jointly developed Capture One with Epson Corporation. Capture One is a batch scanner and is designed for the emerging eCheck market which includes Remote Deposit Capture (ARC, BOC, Check 21, and Image Exchange) and Branch Automation. Capture One is expected to be available for sale in the fall of 2007. This enables the Company to more fully service this segment where significant growth is expected. Capture One is powered by RDM's Proprietary MICR and processing technologies.

Summary of Quarterly Results and Selected Financial Information

i) Revenues and Operating Results

For the three months ended June 30, 2007, total revenue was \$ 6.8 million compared with \$6.2 million for the three months ended June 30, 2006, an increase of 10%. Gross profit increased \$.4 million to \$ 2.8 million, while as a percentage of revenues, gross profit for the third quarter of 2007 was 41 % of revenues, compared to 39 % in the third quarter of 2006, driven primarily by the growth in the ITMS business.

For the three months ended June 30, 2007, the Company's earnings before income taxes were \$ 3.6 compared to \$.2 in the third quarter of 2006. The improvement was driven by the gain on the sale of Xign and exchange on the exchange contracts.

For the three months ended June 30, 2007, the Company's net earnings were \$ 3.2 or \$0.15 per share compared to net earnings of \$.2 or \$ 0.01 per share in the third quarter of 2006.

Digital Imaging segment revenues increased \$ 1.3 million or 32 % to \$ 5.5 million in the third quarter of 2007 compared to the third quarter of 2006. Scanner sales are often placed in large orders and the timing of those orders can be important to a quarter. Increasing adoption of remote deposit capture services is fueling demand for both ITMS and scanner sales compared to the third quarter of 2006. Overall, the Digital Imaging segment contributed to an increase in operating earnings of \$.3 million in the third quarter of 2007 compared to the third quarter of 2006.

Electronic Payments Solutions segment revenues decreased \$.7 million or 49 % to \$.7 in the third quarter of 2007 compared to the third quarter of 2006. Third quarter revenues were in line with management's expectations. The Company continues to work closely with senior U.S. Government agencies and U.S. financial institutions to apply innovative RDM solutions to improve the infrastructure of the U.S. payments system.

Quality Assurance segment revenue remained at \$.6 million in the third quarter of 2007 compared to the third quarter of 2006. Third quarter revenues for the segment were in line with management's expectations. The Quality Assurance segment remained profitable, contributing \$ 128,000 to third quarter 2007 operations compared to \$ 182,000 in the same period last year.

The Company reports custom development revenue from financial institution customers that sign on for ITMS in Electronic Payments Solutions segment results. The majority of the Company's research and development efforts are focused on ITMS and scanner development and consequently these expenditures are primarily allocated to the Digital Imaging segment.

ii) Functional Operating Expenses

For the three months ended June 30, 2007, sales and marketing expenses increased \$436,000 or 58% to \$ 1,182,000 to focus on signing new ITMS banks and additional trade shows to prepare for the new introduction of the batch scanner.

Research and development expenses increased \$ 146,000 to \$ 882,000 due to the timing of projects last year.

General and administration expenses increased \$ 107,000 to \$ 391,000.

Depreciation and amortization expenses decreased \$99,000 to \$154,000 as computer software was fully amortized.

Stock-based compensation increased \$ 50,000 to \$ 120,000. For further information, refer to note 5 of the Company's June 30, 2007 interim consolidated financial statements which are filed on SEDAR.

Interest income during the quarter was favourable by \$ 68,000 due to the increase in cash balances and higher interest rates.

Liquidity

The Company has historically financed its operations primarily through the sale of capital stock and operating cash flow. For the quarter ended June 30, 2007, cash used in operations was \$ 1.8 million compared with \$ 1.9 million used in operations in the third quarter of its previous fiscal year. The use relates to the timing of payments to inventory suppliers as the inventory was purchased early in the quarter. For the nine months ended June 30, 2007, cash provided by operations was \$ 1.4 million in 2007 compared to a use of \$ 1.0 million in 2006.

Working capital increased to \$ 26.4 million at June 30, 2007, from \$ 13.1 million at September 30, 2006. At June 30, 2007 the Company held cash and cash equivalents of \$ 16.8 million, an increase of \$ 6.8 million from the \$ 10 million on hand at March 31, 2007.

The strong cash position allows RDM to make strategic investments that will add shareholder value. Cash will be invested in short term low risk investments.

In May 2007, the Company received for its 13% investment in Xign, cash proceeds of approximately \$8.6 million (\$7.95 million U.S.). In addition, \$.5 million was recorded and is included in the balance sheet as an "other receivable" of the \$1.1 million being held in escrow. The amount that may be received by the Company from escrow is impacted by a number of items including the final purchase price adjustment and is expected in the third quarter of 2008.

Capital Resources

The Company has a \$1 million operating credit facility, which was unused at June 30, 2007. Under this facility, the Company is required to maintain certain financial ratios, which the Company has met as of June 30, 2007.

At June 30, 2007, the Company has 21.2 million common shares outstanding. In addition, the Company has outstanding 1,417,500 stock options each of which is exercisable into one common share. The Company currently has no significant commitments for capital expenditures, but expects that in future periods there may be additional capital expenditures necessary to service the Company's growing ITMS business segment.

Foreign Exchange Contracts

Substantially all the Company's revenues are in, and are anticipated in the future to be in, U.S. dollars. Fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar may have a material adverse effect on the Company's results from operations. In order to reduce its exposure to exchange rate fluctuations, the company enters into Canadian dollar forward contracts. These contracts are marked to market and any resulting gains or losses are reported through earnings. The contracts are typically for a maximum of twelve months out. The use of these contracts is subject to Management and Board controls and approvals. At June 30, 2007 the Company had outstanding U.S. dollar forward contracts totaling U.S. \$11.9 million (2006 – U.S. \$8.7 million), maturing on or before June 30, 2008 at rates ranging from CDN \$ 1.06 – CDN \$ 1.16 to U.S. \$1.00 (2006 CDN \$ 1.10– CDN \$ 1.20 to U.S. \$1.00). Based on foreign exchange rates as at June 30, 2007 for contracts with similar remaining terms to maturity, unrealized net gains relating to the Company's foreign exchange contracts approximate \$765,000.

The Company is exposed to credit risk on derivative financial instruments arising from the potential for counter parties to default on their contractual obligations to the Company, however the Company minimizes this risk by limiting counter parties to these contracts to Canadian Schedule A Chartered Banks.

Commitments

The Company has \$ 3.8 million in outstanding purchase order commitments and operating leases for the purchase of inventories and capital assets in the normal course of operations. The Company manages lead-times associated with sourcing its EC6000, EC7000 and RDM RDM SYNERGY raw material components with staggered deliveries on these commitments wherever possible in order to reduce inventory.

Critical Accounting Estimates and Significant Accounting Policies

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The preparation of these financial statements requires Management to make estimates and assumptions that affect the reported amounts of assets,

liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, Management bases its estimates on historical experience and other assumptions that it believes are reasonable in the circumstances. Actual results may differ from the estimates, however, there have been no changes made to critical accounting estimates during the past two fiscal years. The following accounting policies reflect the more significant estimates and assumptions used in the preparation of the Company's financial statements.

Revenue Recognition: Revenue recognition is critical because it is a key indicator of the Company's financial performance. Management follows specific guidelines in recognizing revenue and makes estimates and assumptions that affect the reported amounts of revenue. A delay in recognizing revenue could cause operating results to vary significantly from quarter to quarter.

The Company's revenues are derived from product sales and technology licenses, service revenues, transaction fees, and custom development contracts. The Company's operating segments typically derive their revenues from the following sources:

Operating Segment	Revenues
Digital Imaging	Product sales and transaction processing fees
Electronic Payments Solutions	Custom development contracts
Quality Assurance	Product sales, service processing and extended warranty contracts

Revenue from product sales is recognized upon delivery, provided that no significant obligations on the part of the Company remain and collection of the related receivable is deemed probable by management. Revenue from transaction fees is recognized on a per item basis as transaction processing services are provided and when collection of the related receivable is considered probable by management.

Custom development contract revenue is recognized using the percentage of completion method. Revisions in custom development and profit estimates, which can be significant, are reflected in the accounting period in which the relevant facts become known. Such revisions could occur as the company continues to measure progress towards completion of these projects.

Service revenue is recognized ratably over the term of the related agreement, which is typically twelve to twenty-four months.

Revenue that has been prepaid but does not yet qualify for recognition as revenue under the Company's revenue recognition policies is reflected as deferred revenue.

Allowance for Doubtful Accounts: Allowance for doubtful accounts relate to estimated losses that may arise if any customers are unable to make required payments. Management specifically analyzes the age of outstanding customer balances, historical bad debt experience, customer credit-worthiness and changes in customer payment terms when making estimates of the uncollectability of the Company's amounts receivable balance. If the Company determines that the financial condition of any of its customers deteriorates, increases in the allowance are made.

Impairment of Inventories and Capital Assets: Whenever events or changes in circumstances indicate that the carrying value of inventories or capital assets may not be recoverable, the Company assesses the impairment of these assets. Factors the Company considers important include significant underperformance relative to plan, a change in the Company's business strategy, or significant negative industry or economic trends. When the Company believes that the carrying value of inventories or furniture and equipment may not be recoverable based upon the existence of one or more of the above indicators of potential impairment, the

Company determines what impairment, if any, exists and provides for such impairment in the period known.

Income Taxes: The Company believes that it has adequately provided for income taxes based on all of the information that is currently available. Tax filings are subject to audits, which could materially change the amount of current and future income tax assets and liabilities.

In assessing the realizability of future assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the future tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

Multilateral Instrument 52-109 Disclosure

There have been no changes in the companies' internal control over financial reporting during the quarter ended June 30, 2007, that have materially affected, or are reasonably likely to materially affect its internal control over financial reporting.

Changes in Accounting Policies and Impact of New Accounting Pronouncements.

In January 2005, the CICA issued Section 3855, "Financial Instruments - Recognition and Measurement", Section 1530, "Comprehensive Income", and Section 3865, "Hedges". The new standards are effective for interim and annual financial statements commencing in 2007. Most significantly for the Company, the new standards will introduce comprehensive income to Canadian GAAP. Mark-to-market adjustments on available for sale investments will be recorded in comprehensive income. Derivative financial instruments will be recorded in the balance sheet at fair value and the changes in fair value of derivatives designated as cash flow hedges will be reported in comprehensive income.

RDM CORPORATION
Consolidated Balance Sheets
(Amounts In Canadian Dollars, In Thousands)

	June 30, 2007 (Unaudited)	September 30, 2006 (Audited)
Assets:		
Current assets:		
Cash and cash equivalents	\$ 16,784	\$ 6,174
Accounts receivable	5,502	5,743
Other receivables	536	-
Inventories	4,851	3,919
Investment tax credit receivable	758	623
Future income tax asset	27	400
Other	1,224	266
Total current assets	29,682	17,125
Long-term investment	-	6,379
Furniture and equipment	2,088	1,923
Future income tax asset	-	450
Total assets	\$ 31,770	\$ 25,877
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,864	\$ 3,607
Deferred revenue	392	433
Total current liabilities	3,256	4,040
Shareholders' equity:		
Share capital (notes 4 & 5)	27,636	26,461
Contributed surplus	1,138	781
Deficit	(235)	(5,356)
Share purchase loans	(25)	(49)
Total shareholders' equity	28,514	21,837
Total liabilities and shareholders' equity	\$ 31,770	\$ 25,877

See accompanying notes.

RDM CORPORATION
Consolidated Statements of Operations and Deficit
(Amounts in Canadian Dollars, In Thousands, Except Per Share Amounts)

	Three months ended June 30		Nine months ended June 30	
	2007	2006	2007	2006
2006	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	\$ 6,791	\$ 6,187	\$ 26,419	\$ 17,095
Cost of revenue	4,021	3,785	15,817	10,115
Gross Profit	2,770	2,402	10,602	6,980
Expenses and other income:				
Sales and marketing	1,182	746	3,085	2,006
Research and development	882	736	2,792	2,590
General and administration	391	284	1,399	1,078
Depreciation and amortization	154	253	493	687
Stock-based compensation (note 5)	120	70	290	186
Interest	(123)	(55)	(252)	(147)
Exchange (note 3)	(684)	132	(442)	145
Gain on sale of long term investment	(2,707)	-	(2,707)	-
	(785)	2,166	4,658	6,545
Earnings before income taxes	3,555	236	5,944	435
Income Taxes (note 6)	315	-	823	-
Net earnings	\$ 3,240	\$ 236	\$ 5,121	\$ 435
Deficit, beginning of period	\$ (3,475)	\$ (7,213)	\$ (5,356)	\$ (7,412)
Deficit, end of period	\$ (235)	\$ (6,977)	\$ (235)	\$ (6,977)
Earnings per share – basic (note 7)	\$ 0.15	\$ 0.01	\$ 0.24	\$ 0.02
Earnings per share – fully diluted (note 7)	\$ 0.15	\$ 0.01	\$ 0.23	\$ 0.02

See accompanying notes.

RDM CORPORATION
Consolidated Statements of Cash Flows
(Amounts in Canadian Dollars, In Thousands)

	Three months ended June 30		Nine months ended June 30	
	2007 (Unaudited)	2006 (Unaudited)	2007 (Unaudited)	2006 (Unaudited)
Cash provided by (used in):				
Operations:				
Net earnings	\$ 3,240	\$ 236	\$5,121	\$ 435
Items not involving cash:				
<i>Amortization</i>	154	253	493	687
<i>Stock-based compensation</i>	120	70	290	186
<i>Future income taxes</i>	315	-	823	-
<i>Gain on sale of long-term investment</i>	(2,707)	-	(2,707)	-
Change in non-cash operating working capital	(2,931)	(2,415)	(2,618)	(2,343)
Cash provided by operations	(1,809)	(1,856)	1,402	(1,035)
Financing:				
Issuance of share capital, net of issue costs	112	-	1,242	210
Repayment of share purchase loans	8	22	24	58
Cash provided by financing activities	120	22	1,266	268
Investing:				
Cash Proceeds on sale of long-term investment	8,600	-	8,600	-
Purchase of furniture and equipment	(189)	(159)	(658)	(387)
Cash provided by (used in) investing activities	8,411	(159)	7,942	(387)
Increase in cash	6,722	(1,993)	10,610	(1,154)
Cash and cash equivalents, beginning of period	10,062	6,305	6,174	5,466
Cash and cash equivalents, end of period	\$ 16,784	\$ 4,312	\$ 16,784	\$ 4,312

See accompanying notes.

RDM CORPORATION
Notes to Consolidated Financial Statements
(Amounts in Canadian Dollars, In Thousands, Except Share and Per Share Amounts)

1. Basis of Preparation

These interim consolidated financial statements have been prepared by the Management of RDM Corporation and have not been audited or reviewed by the Company's external auditors.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. The accounting policies used in the preparation of these interim consolidated financial statements conforms to those used in the Company's annual consolidated financial statements. These financial statements do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements and have not been audited or reviewed by the Company's external auditors. These interim consolidated financial statements and notes thereto should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2006.

3. Exchange

In order to reduce our exposure to exchange rate fluctuations on our U.S. dollar revenue the Company enters into U.S. dollar forward contracts. These economic hedge contracts are marked to market through earnings and are included in "exchange" in our Consolidated Statement of Operations. The fair value of the U.S. dollar forward contracts outstanding at June 30, 2007 was an asset included in "other" totaling \$765,000.

4. Share Capital

<u>Outstanding Share Capital</u>	<u>June 30,</u> <u>2007</u>	<u>September 30,</u> <u>2006</u>
Common shares	21,239,121	20,297,826
Common share options outstanding	1,417,500	1,450,000
Share purchase warrants	0	700,000

Issuances of Share Capital

- a) On December 23, 2004, the Company issued 1,400,000 common shares and 700,000 common share purchase warrants for gross proceeds of \$1.4 million (net proceeds of \$1.375 million, after issue costs). The share purchase warrants, which had an exercise price of \$1.35 each, were exercised in December 2006.
- b) On December 5, 2006, the Company issued 30,000 options at an exercise price of \$3.12 to certain executives.
- c) In connection with their annual remuneration, on February 7, 2007 the directors of the Company were issued 125,000 options to purchase common shares of the Company at an exercise price of \$5.60 per share.
- d) On February 7, 2007 the Company issued 50,000 options at an exercise price of \$5.60 to certain executives.

RDM CORPORATION
Notes to Consolidated Financial Statements
(Amounts in Canadian Dollars, In Thousands, Except Share and Per Share Amounts)

5. Stock-based compensation

The following table illustrates significant assumptions underlying the Company's accounting policy for stock-based compensation:

	Nine Months ended June 30, 2007
Weighted average fair value of each option	2.82
Assumptions:	
Volatility	59%
Risk free interest rate	4.0%
Expected life in years	3.0
Expected dividend yield	0%

The fair value of options granted during the quarter was \$nil and \$578 for the nine months ended June 30, 2007.

6. Income Taxes

There are no tax consequences on the sale of Xign given the tax basis of the investment.

7. Earnings per share information

	Three Months ended June 30		Nine Months ended June 30	
	2007	2006	2007	2006
Weighted average common shares outstanding during the period	21,170,000	20,247,826	20,972,000	20,121,451
Incremental shares issued from assumed exercise of stock options	884,027	--	884,027	--
Adjusted weighted average common shares outstanding during the year	22,054,017	20,247,826	21,856,027	20,121,451
Earnings per share - diluted	\$.15	\$ 0.01	\$.23	\$ 0.02

8. Segmented information

The Company evaluates its performance in three operating segments: Digital Imaging, Electronic Payments Solutions, and Quality Assurance. The accounting policies for the segments are the same as those described in Note 1 to the Company's September 30, 2006 consolidated financial statements.

RDM CORPORATION
Notes to Consolidated Financial Statements
(Amounts in Canadian Dollars, In Thousands)

Operating Results by Segment

	Three Months Ended June 30, 2007				Three Months Ended June 30, 2006			
	Digital Imaging	Electronic Payments Solutions	Quality Assurance	Total	Digital Imaging	Electronic Payments Solutions	Quality Assurance	Total
Segment revenue	\$5,467	\$ 745	\$ 579	\$ 6,791	\$4,156	\$ 1,455	\$ 576	\$ 6,187
Segment operating earnings (loss)	\$ (68)	\$ 133	\$ 128	\$ 193	\$ (368)	\$ 594	\$ 182	\$ 408
Finance and other income				\$ (655)				\$ 173
Gain on sale of long-term investment				\$(2,707)				
Earnings before income taxes				\$ 3,555				\$ 235

Operating Results by Segment

	Nine Months Ended June 30, 2007				Nine Months Ended June 30, 2006			
	Digital Imaging	Electronic Payments Solutions	Quality Assurance	Total	Digital Imaging	Electronic Payments Solutions	Quality Assurance	Total
Segment revenue	\$22,574	\$ 2,155	\$ 1,690	\$26,419	\$11,215	\$ 4,367	\$ 1,512	\$ 17,094
Segment operating earnings (loss)	\$ 2,118	\$ 470	\$ 332	\$ 2,920	\$(1,721)	\$ 2,117	\$ 308	\$ 704
Finance and other expenses (income)				(317)				\$ 269
Gain on sale of long-term investment				\$(2,707)				
Earnings before income taxes				\$ 5,944				\$ 435