

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(X) Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For Quarterly Period Ended April 30, 1996

() 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 1-8597

The Cooper Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

94-2657368

(State or other jurisdiction
of incorporation or
organization)

(I.R.S. Employer
Identification No.)

6140 Stoneridge Mall Rd., Suite 590, Pleasanton, CA

94588

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code
(510) 460-3600

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
---- ----

Indicate the number of shares outstanding of each of issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.10 par value

11,656,833 Shares

Class

Outstanding at
May 31, 1996

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS
THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Condensed Statement of Income
(In thousands, except per share figures)
(Unaudited)

Three Months Ended
April 30,

Six Months Ended
April 30,

	1996	1995	1996	1995
Net sales of products	\$15,784	\$12,854	\$29,338	\$25,572
Net service revenue	10,991	10,940	19,686	21,432
Net operating revenue	26,775	23,794	49,024	47,004
Cost of products sold	4,604	4,079	8,745	8,311
Cost of services provided	9,991	10,263	19,137	20,367
Selling, general and administrative expense	7,585	6,916	14,344	13,531
Research and development expense	316	808	593	1,875
Amortization of intangibles	204	210	431	422
Income from operations	4,075	1,518	5,774	2,498
Credits from settlements of disputes, net	56	140	223	468
Interest expense	1,268	1,190	2,562	2,280
Other income, net	77	175	182	300
Income before income taxes	2,940	643	3,617	986
Provision for income taxes	131	38	156	106
Net income	\$ 2,809	\$ 605	\$ 3,461	\$ 880
Earnings per share	\$ 0.24	\$ 0.05	\$ 0.30	\$ 0.08
Average number of common shares used to compute earnings per share	11,724	11,591	11,715	11,592

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheet
(In thousands)
(Unaudited)

	April 30, 1996	October 31, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,894	\$ 11,207
Trade receivables, net	22,053	17,717
Inventories	10,606	9,570
Other current assets	1,757	2,734
Total current assets	36,310	41,228
Property, plant and equipment at cost	47,190	46,597
Less, accumulated depreciation and amortization	13,587	12,535
	33,603	34,062
Goodwill and other intangibles, net	21,963	14,933
Other assets	1,615	1,769

	-----	-----
	\$ 93,491	\$ 91,992
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:		
Borrowings under line of credit	\$ 3,483	\$ 1,025
Current installments of long-term debt	794	2,288
Accounts payable	5,552	5,730
Employee compensation, benefits and severance	5,048	6,978
Other accrued liabilities	9,442	13,596
Income taxes payable	10,089	9,996
	-----	-----
Total current liabilities	34,408	39,613
	-----	-----
Long-term debt	48,260	43,490
Other noncurrent liabilities	8,998	10,638
	-----	-----
Total liabilities	91,666	93,741
	-----	-----
Stockholders' equity (deficit):		
Common stock, \$.10 par value	1,165	1,158
Additional paid-in capital	183,960	183,840
Translation adjustments	(347)	(333)
Accumulated deficit	(182,953)	(186,414)
	-----	-----
Total stockholders' equity (deficit)	1,825	(1,749)
	-----	-----
	\$ 93,491	\$ 91,992
	=====	=====

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Condensed Statement of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended	
	April 30,	
	1996	1995
	-----	-----
Net cash used by operating activities	\$ (7,358)	\$ (5,958)
	-----	-----
Cash flows from investing activities:		
Sales of assets and businesses	43	121
Unimar acquisition	(3,596)	-
Proceeds from Progressions Settlement, recorded as a reduction to goodwill	224	-
Sales of temporary investments	31	37
Purchases of property, plant and equipment	(743)	(840)
	-----	-----
Net cash used by investing activities	(4,041)	(682)
	-----	-----
Cash flows from financing activities:		
Proceeds from line of credit, net	2,458	1,395
Proceeds from long-term note	1,320	-
Payments of current installments of long-term debt	(1,773)	(573)
Proceeds from restricted stock and		

exercise of warrants and options	81	-
	-----	-----
Net cash provided by financing activities	2,086	822
	-----	-----
Net decrease in cash and cash equivalents	(9,313)	(5,818)
Cash and cash equivalents - beginning of period	11,207	10,320
	-----	-----
Cash and cash equivalents - end of period	\$ 1,894	\$ 4,502
	=====	=====
Cash paid for:		
Interest	\$ 2,399	\$ 2,300
	=====	=====
Income taxes	\$ 63	\$ 129
	=====	=====

Supplemental schedule of noncash investing and financing activities: In April 1996, the Company purchased certain assets and assumed certain liabilities of Unimar, Inc., by paying \$4 million in cash and issuing \$4 million of notes for the balance.

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 1. General

The Cooper Companies, Inc., (together with its subsidiaries, the "Company") develops, manufactures and markets healthcare products, including a range of contact lenses and diagnostic and surgical instruments and accessories. The Company also provides healthcare services through the ownership of psychiatric facilities, by providing outpatient and other ancillary services and, through May 1995, managing other psychiatric facilities.

During interim periods, the Company follows the accounting policies set forth in its Annual Report on Form 10-K filed with the Securities and Exchange Commission. Readers are encouraged to refer to the Company's Form 10-K for the fiscal year ended October 31, 1995 when reviewing this Form 10-Q. Quarterly results reported herein are not necessarily indicative of results to be expected for other quarters.

In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments necessary to present fairly the Company's consolidated financial position as of April 30, 1996 and October 31, 1995 and the consolidated results of its operations for the three- and six-month periods ended April 30, 1996 and 1995, and its consolidated cash flows for the six months ended April 30, 1996 and 1995. With the exception of certain adjustments discussed in Part I, Item 2 under "Settlement of disputes, net," such adjustments consist only of normal and recurring adjustments.

Note 2. Inventories

Inventories are stated at the lower of cost, determined on a first in, first out or average cost basis, or market.

The components of inventories are as follows:

April 30,

October 31,

	1996 -----	1995 -----
	(In thousands)	
Raw materials	\$ 2,281	\$ 2,212
Work-in-process	1,044	1,114
Finished goods	7,281	6,244
	-----	-----
	\$10,606	\$ 9,570
	=====	=====

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 3. Long-Term Debt

Long-term debt consists of the following:

	April 30, 1996 -----	October 31, 1995 -----
	(In thousands)	
10% Senior Subordinated Secured Notes due 2003	\$24,543	\$24,816
10-5/8% Convertible Sub- ordinated Reset Debentures due 2005	9,217	9,215
HGA term loan	11,009	9,889
HGA Industrial Revenue Bonds	-	1,458
12% Notes for Unimar Acquisition due April 1999 ("Unimar Notes")	4,000	-
Capitalized leases	285	400
	-----	-----
	49,054	45,778
Less, current installments	794	2,288
	-----	-----
	\$48,260	\$43,490
	=====	=====

The outstanding principle of the HGA Industrial Revenue Bonds of \$1.3 million was repaid on December 29, 1995, and the amount was rolled into the HGA loan due August 1997. In April 1999, the Company may, at its option, extinguish \$800,000 principal amount of Unimar Notes plus unpaid interest by issuing shares of its common stock valued at the then fair market value per share.

Note 4. Acquisitions

In April 1996, the Company acquired Unimar, Inc., a leading provider of specialized disposable medical devices for gynecology, for \$8 million in cash and notes. Sales of Unimar products totaling \$331 thousand were included in the Company's results for the three months ended April 30, 1996. Goodwill on the purchase has initially been recorded in the amount of \$7.5 million, which is being amortized over 20 years. As part of the acquisition, the Company granted a warrant to purchase 83,333 shares of the Company's common stock at \$11.375 per share. The exercisable period of the warrant is from April 11, 1999 to June 10, 1999. The number of shares and the exercise price per share are subject to adjustment as provided in the warrant.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations

References to Note numbers below are references to the Notes to Consolidated Condensed Financial Statements of the Company located in Item 1. herein.

RESULTS OF OPERATIONS

Three and Six Months Ended April 30, 1996 Compared with Three and Six Months Ended April 30, 1995.

NET SALES OF PRODUCTS: Net sales of products increased by \$2.9 million or 23% and \$3.8 million or 15% for the three and six months ended April 30, 1996, respectively.

	(Dollars in 000's)					
	Three Months Ended April 30,			Six Months Ended April 30,		
	1996	1995	% Incr. (Decrease)	1996	1995	% Incr. (Decrease)
CVI*	\$12,158	\$10,030	21%	\$22,228	\$19,352	15%
CSI**	3,626	2,824	28%	7,110	6,204	15%
CVP***	-	-	N/A	-	16	N/A
	-----	-----		-----	-----	
	\$15,784	\$12,854	23%	\$29,338	\$25,572	15%
	=====	=====		=====	=====	

* CVI = CooperVision, Inc.

** CSI = CooperSurgical, Inc.

*** CVP = CooperVision Pharmaceuticals, Inc.

Net sales of CVI increased both domestically and in Canada. The primary contributors to the growth included increased sales of the Preference(R) spherical and Preference Toric(TM) product lines, which grew approximately 78% in the aggregate over the comparable six-month period. Sales of toric lenses to correct astigmatism, CVI's leading product group, have grown by 34% year to year and now account for approximately one-half of its sales. These increases were partially offset by anticipated decreases in sales of more mature product lines.

Net sales of CSI increased 15% in the first six months of fiscal 1996 vs. the first six months of fiscal 1995. Its gynecology product lines (which include LEEP(TM) instruments) grew by approximately 24%. The increase was primarily due to increases in sales of LEEP(TM) instruments which grew 19% and sales of Unimar and Blairden products which were acquired in April 1996 and June 1995, respectively. The increased sales of gynecology products were offset primarily by reduced sales of endoscopy and other nonstrategic products. CSI's sales mix continued to shift toward its gynecology product line, which accounted for more than 75% of its sales.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations

NET SERVICE REVENUE: Hospital Group of America, Inc.'s ("HGA") net service revenue consists of the following:

	(Dollars in 000's)					
	Three Months Ended April 30,			Six Months Ended April 30,		
	1996	1995	% Incr./ (Decrease)	1996	1995	% Incr./ (Decrease)
Net patient revenue	\$10,991	\$10,440	5%	\$19,686	\$20,432	(4%)
Management fees	-	500	-	-	1,000	-
	\$10,991	\$10,940	-%	\$19,686	\$21,432	(8%)

Net patient revenue increased by \$551 thousand, or 5%, and decreased by \$746 thousand, or 4%, vs. the second quarter and first half of 1995, respectively. Revenue continues to be pressured by the current industry trend towards increased managed care, which results in decreased daily rates and declines in average lengths of stay. Management has mitigated those pressures by increasing the number of admissions to its hospitals, and by increasing outpatient and other ancillary services. Late in the first quarter 1996, a transition of the medical staff began at Hampton Hospital as a result of the settlement of a dispute with a physician group that formerly staffed it. Before the changeover period, Hampton's revenue declined significantly. Since the changeover, Hampton's revenue has improved in each subsequent month. Management fees in 1995 resulted from a contract to manage three psychiatric facilities. The contract expired by its terms in May 1995.

COST OF PRODUCTS SOLD: Gross profit (net sales of products less cost of products sold) as a percentage of net sales of products ("margin") was as follows:

	Margin % Three Months Ended April 30,		Margin % Six Months Ended April 30,	
	1996	1995	1996	1995
CVI	76	73	76	73
CSI	52	52	51	51
Consolidated	71	68	70	67

Margin for CVI has increased due to production efficiencies, including those associated with higher production volumes, and a favorable product mix, reflecting the growth in sales of toric contact lenses, which have higher margins.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations

COST OF SERVICES PROVIDED: Cost of services provided represents all of the costs (other than financing costs and amortization of intangibles) incurred by HGA in generating net service revenue. The result of subtracting cost of services provided from net service revenue is a profit of \$1 million, or 9%, of net service revenue in the second quarter of 1996 and \$549 thousand, or 3%, in the first half of 1996. The corresponding profits were \$677 thousand, or 6% of net service revenue, and \$1.1 million, or 5%, in the three- and six-month periods ended April 30, 1995, respectively. The decreased percentage of profit for the six months ended April 30, 1996, is primarily attributable to a reduction in revenue explained above, partially offset by a \$1.2 million reduction in cost of

services provided.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: Selling, general and administrative (SG&A) expenses by business unit and corporate were as follows:

	(Dollars in 000's)					
	Three Months Ended April 30,			Six Months Ended April 30,		
	1996	1995	% Incr. (Decr.)	1996	1995	% Incr. (Decr.)
CVI	\$ 4,353	\$ 3,941	10%	\$ 8,516	\$ 7,818	9%
CSI	1,433	1,336	7%	2,714	2,679	1%
CVP	-	24	N/A	-	37	N/A
Corporate/ Other	1,799	1,615	11%	3,114	2,997	4%
	\$ 7,585	\$ 6,916	10%	\$14,344	\$13,531	6%

SG&A expenses for the three- and six-month periods have increased 10% and 6% from the prior year's three- and six-month periods, respectively, largely as a result of the higher costs associated with higher sales of products, including incremental costs in the second quarter of 1996 associated with the newly acquired Unimar business.

RESEARCH AND DEVELOPMENT EXPENSE: Research and development expense was \$316 thousand and \$593 thousand for the three and six months ended April 30, 1996, respectively. The comparable prior year research and development expense was \$808 thousand and \$1.9 million, respectively. The decreases are primarily attributable to the Company's decision to discontinue development activity related to CVP's calcium channel blocker, CalOptic(TM). A \$387 thousand decrease at CSI is primarily related to the discontinuation in May 1995 of the development and evaluation of a thermal endometrial ablation technology.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations

The Company currently anticipates that the level of spending on research and development has stabilized. The Company focuses on acquiring products which will be marketable immediately or in the short-term, rather than funding longer-term, higher risk research and development projects.

INCOME FROM OPERATIONS: As a result of the variances discussed above, income from operations improved by \$2.6 million or 168% and \$3.3 million or 131% for the three and six months, respectively. Income (loss) from operations by business unit and corporate was as follows:

	(Dollars in 000's)					
	Three Months Ended April 30,			Six Months Ended April 30,		
	1996	1995	Incr. (Decr.)	1996	1995	Incr. (Decr.)
CVI	\$ 4,651	\$ 3,066	\$ 1,585	\$ 7,880	\$ 5,660	\$ 2,220
CSI	281	(179)	460	573	(244)	817
CVP	(6)	(379)	373	(11)	(883)	872

HGA	948	622	326	446	956	(510)
Corporate/ Other	(1,799)	(1,612)	(187)	(3,114)	(2,991)	(123)
	-----	-----	-----	-----	-----	-----
	\$ 4,075	\$ 1,518	\$ 2,557	\$ 5,774	\$ 2,498	\$ 3,276
	=====	=====	=====	=====	=====	=====

SETTLEMENT OF DISPUTES: In the first six months of 1996, the Company recorded a credit to income of \$223 thousand related to the agreement which settled cross claims between HGA and Progressions Health Systems, Inc. ("Progressions") related to purchase price adjustments (which were credited to goodwill) and other disputes. Pursuant to this agreement, HGA received \$447 thousand in the first six months of 1996 of which \$223 thousand has been credited to settlement of disputes. In the first six months of 1995, the Company recorded a credit of \$468 thousand resulting from 1) adjustments to certain estimated accruals for disputes no longer required and 2) the recording of a portion of the settlement of certain other disputes.

INTEREST EXPENSE: The increase in interest expense for the three- and six-month periods ended April 30, 1996 over the comparable 1995 periods is primarily related to:

1. Interest on the line of credit at CVI on which the Company did not draw funds until the second quarter of 1995; and
2. Accreted interest related to the settlement of a dispute.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations

PROVISION FOR INCOME TAXES: The provision for income taxes in the three and six months ended April 30, 1996 and 1995 reflects primarily state income and franchise taxes.

EARNINGS PER SHARE: Earnings per share are based on the weighted average number of common and common equivalent shares outstanding during the respective periods.

CAPITAL RESOURCES & LIQUIDITY

The Company's financial condition stabilized significantly in fiscal 1995 and this trend continued as the Company recorded a 131% improvement in operating income, to \$5.8 million in the first six months of 1996 v. \$2.5 million in the first six months of 1995. Also, with net income of \$2.8 million in the second quarter 1996, the Company returned to a positive stockholders' equity position. As expected, \$7.4 million of cash was used by operating activities in the first six months of 1996. Operating cash flow improved to a positive \$400 thousand in the second quarter from the \$7.8 million used in the first quarter, which is typically the Company's weakest cash flow quarter. The primary uses of cash in operating activities in the six-month period included payments of \$4.4 million associated with the settlement of certain disputes, payments totaling \$2.0 million to fund fiscal 1995 entitlements under the Company's annual bonus plans and increased investments in receivables and inventory of approximately \$4.2 million in the aggregate. Of the \$3.6 million increase in receivables, \$2.8 million occurred at Hospital Group of America ("HGA"). A shift in payor mix resulted in a larger percentage of revenue being generated from typically slower-paying state agencies. In addition, a 26% increase in HGA revenue in the second quarter vs. the first quarter of 1996 contributed to the increased receivable balance. Approximately \$820 thousand has been paid in the first six months of 1996 related to restructuring costs accrued in fiscal 1995. The \$600 thousand increase in inventory, which occurred primarily at CVI, was required to provide adequate inventory levels for anticipated increased sales of existing products in succeeding quarters and the future launch of new products. The Company acquired Unimar, Inc. in April 1996 for \$8 million in cash and notes. Net cash of \$3.6 million was invested, and \$4 million of notes due in three years bearing interest of 12% were issued. The cash was obtained through cash on

hand and a draw down on the line of credit. The Unimar product line contributed \$331 thousand of revenue since being acquired in mid-April 1996. The Company currently anticipates that operating cash flows of its existing businesses will be positive for the remaining six months of fiscal 1996, and that cash requirements for operating activities and the repayment of the line of credit will be met through cash generated by its established operating businesses.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Item 2. Management's Discussion and Analysis of Financial
Condition and Results of Operations

The Company is evaluating other acquisition opportunities which, if consummated, would be funded by a combination of cash then on hand, financing vehicles now in place and other methods of raising additional capital, currently being explored.

FISCAL YEAR 1996 BUSINESS OUTLOOK: The following statements and any mention of them above are based on current expectations that contain a number of risks and uncertainties. These statements are forward-looking and actual results may differ materially. Factors that could cause or contribute to such differences include: major changes in business conditions and the economy in general, new competitive inroads, changes in governmental medical reimbursement programs, unforeseen litigation, changes in interest rates, any decision to divest certain businesses and the cost of acquisition activity, particularly in the event of a large acquisition that is not ultimately completed.

The Company anticipates that its earnings per share for fiscal 1996 will range from \$1.00 to \$1.10 per share, which includes an anticipated beneficial effect of a deferred tax benefit of 20 cents per share (assuming it achieves its current projection for earnings before taxes), and its revenue will achieve double-digit growth based mainly on these expectations:

CooperVision sales will grow at mid-teens percentages during fiscal 1996 as it continues to gain significant market share in the toric segment of the global contact lens market.

CooperSurgical will benefit from its second quarter of 1996 acquisition of Unimar, and income from operations will reach 10% of sales in the combined businesses for the full year.

HGA will outperform its 1995 operating results based on its strong second quarter performance, the turnaround at Hampton Hospital and the addition of its new outpatient clinics.

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PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Description
11	Calculation of Earnings Per Share.
27	Financial Data Schedule.

(b) The Company filed the following report on Form 8-K during the period from February 1, 1996 to April 30, 1996.

Date of Report	Item Reported
March 5, 1996	Item 5. Other Events.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Cooper Companies, Inc.

(Registrant)

Date: June 10, 1996

/s/ Robert S. Weiss

Executive Vice President, Treasurer
and Chief Financial Officer

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STATEMENT OF DIFFERENCES

The registered trademark symbol shall be expressed as (R)
The trademark symbol shall be expressed as (TM)

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Index of Exhibits

Exhibit No.	Page No.
11	Calculation of Earnings Per Share.
27	Financial Data Schedule.

Exhibit 11
THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Calculation of Earnings Per Share
(In thousands, except per share figures)
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	1996	1995	1996	1995
	-----	-----	-----	-----
Primary:				
Net income	\$ 2,809	\$ 605	\$ 3,461	\$ 880
	=====	=====	=====	=====
Weighted average number of common shares outstanding	11,653	11,373	11,630	11,372
Contingently issuable shares	71	218	85	220
	-----	-----	-----	-----
Weighted average number of common and common equivalent shares outstanding for earnings per share	11,724	11,591	11,715	11,592
	=====	=====	=====	=====
Earnings per share	\$.24	\$.05	\$.30	\$.08
	=====	=====	=====	=====
Fully Diluted:				
Net income	\$ 2,809	\$ 605	\$ 3,461	\$ 880
	=====	=====	=====	=====
Weighted average number of common shares outstanding	11,653	11,373	11,630	11,372
Contingently issuable shares	166	267	147	272
	-----	-----	-----	-----
Weighted average number of common and common equivalent shares outstanding for earnings per share	11,819	11,640	11,777	11,644
	=====	=====	=====	=====
Earnings per share	\$.24	\$.05	\$.29	\$.08
	=====	=====	=====	=====

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