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Toronto Stock Exchange symbol: RC

**RDM CORPORATION ANNOUNCES RECORD
SECOND QUARTER RESULTS**

~ Record Second Quarter Revenues and Profitability Sets the Stage for Strong Fiscal 2005 Performance ~

WATERLOO, ON, May 2, 2005 -- RDM Corporation (TSX: RC), a leading developer of specialized software and hardware products for electronic payment processing, today reported fiscal 2005 second quarter results including revenue growth, operating profitability, and positive cash flow from operations.

For the three months ended March 31, 2005, total revenue was \$4.7 million compared with \$4.4 million for the three months ended March 31, 2004, an increase of 6%. Gross profit increased \$547,000 or 33% to \$2.2 million, while as a percentage of revenues, gross profit for the second quarter of 2005 was 47% compared to 37% in 2004. The increase in gross profit was primarily attributable to strong Electronic Payments Solutions divisional performance, as the Company continues to expand the scope of its Check 21 solutions that it has developed for banks, payment processors and government organizations. Overall, for the six months ended March 31, 2005, the Company's consolidated revenues increased 15% to \$9.1 million.

The Company's net earnings for the second quarter of 2005 were \$244,000 or \$0.01 per share compared to a loss of \$159,000 or (\$0.01) per share for the three months ended March 31, 2004, while for the six months ended March 31, 2005 the Company's year-to-date earnings improved to \$45,000 from a loss of \$492,000 in the first six months of 2004.

"RDM's strong performance during the first half of the year is only partially recognized in our financial statements. In addition to revenue and earnings growth, the Company expanded its product offering with the release of ITMS 2.0 and the EC7000 dual-imaging scanner. In addition, several new banks selected RDM's ITMS Check 21 solution," said Douglas Newman, President and CEO of RDM Corporation. "Cheque electrification initiatives, and particularly Check 21, are driving significant growth opportunities in the financial services sector. RDM continues to be a recognized leader in the electrification of cheque payments and RDM will flourish from these opportunities."

Electronic Payments Solutions segment revenues of \$1.8 million increased \$1.2 million or over 200% in the second quarter of 2005 compared to the second quarter of 2004. The Company continues to work closely with senior U.S. Government agencies and banks to apply innovative RDM solutions to improve the infrastructure of the U.S. payments system. The Company was pleased with the segment's revenue performance and operating contribution and Management expects that recently signed contracts in excess of \$2 million will result in Electronic Payments Solutions revenues continuing to be strong in the second half of the year, with continued segment profitability. The segment's operating earnings were extremely strong, increasing \$1.1 million to \$1.3 million.

Digital Imaging segment revenues of \$2.4 million decreased \$755,000 or 24% in the second quarter of 2005 compared to the second quarter of 2004. Second quarter fiscal 2004 Digital Imaging revenues included a one-time license fee of \$200,000, making the actual relative decline for the second quarter of 2005 18% and 7% for the six months ended March 31, 2005. Overall, the Digital Imaging segment posted an operating loss of \$1.1 million in the second quarter of 2005 compared to a loss of \$297,000 in the comparative quarter. The increase in the divisional loss was due to the aforementioned one-time license in the comparative period, lower gross margins associated with lower second quarter 2005 scanner sales, and higher fiscal 2005 ITMS operating costs. Both ITMS adoption and scanner sales were impacted by the Company's bank customers' slower than anticipated rollouts to their corporate clients. While the Company has gained a significant foothold in the market by signing up marquee banks as distribution partners and several of these banks are now rolling out the RDM solution to their corporate clients, their rollout cycles are proving longer than anticipated. The Company remains confident that the increasing adoption of Check 21, which gives Image Replacement Documents the same legal status as the original paper version and is revolutionizing the U.S. transaction processing industry, will lead to a number of customers increasing their interest in Electronic Cheque Conversion and anticipates that this will translate into improved Digital Imaging revenues for the remainder of fiscal 2005.

Quality Assurance segment revenues of \$537,000 decreased \$151,000 or 26% in the second quarter of 2005 as compared to the second quarter of 2004, primarily due to an unusually strong second quarter of 2004. Quality Assurance sales do fluctuate from quarter to quarter, and on a year-to-date basis the Quality Assurance business is well ahead of the comparative prior year's revenues. Management's expectations are that the division will continue to generate revenues of approximately \$500,000 each quarter during the remainder of fiscal 2005. The Quality Assurance segment remained profitable, contributing \$136,000 to second quarter 2005 operations.

At March 31, 2005 the Company had working capital of \$9.6 million, including cash and cash equivalents of \$4.5 million, as compared to working capital of \$9.4 million, including cash and cash equivalents of \$4.3 million at December 31, 2004.

"We are pleased with our overall second quarter results and fiscal 2005 progress," said Jim Kopperson, CFO of RDM Corporation. "Our financial performance for the first two quarters has set the stage for a strong second half of the year. We remain committed to delivering strong revenue growth and profitability to our shareholders in fiscal 2005."

Notice of Conference Call Webcast

RDM will be hosting a conference call to discuss the Company's second quarter financial results on May 3, 2005 at 10:00 a.m. EST, dial in number: 1-800-814-4857 or 416-850-1243 reference number 21123034 #. Detailed financial results and MD&A will also be available at www.sedar.com by May 3, 2005. A live audio webcast of the call will be available at www.rdmcorp.com. Webcast attendees are welcome to listen to the conference in real-time or at their convenience.

About RDM Corporation

RDM Corporation is headquartered in Waterloo, Ontario and trades on the Toronto Stock Exchange under the symbol RC. RDM is a leading developer of specialized software and hardware products for electronic

payment processing. RDM has pioneered electronic cheque conversion systems and web-based image and transaction management services for banks, retailers, payment processors and government agencies. RDM's newest offering is its innovative and proprietary Image and Transaction Management System (ITMS™) whereby transaction information can be remotely captured and processed electronically from distributed locations, freeing up significant customer float time and significantly reducing costs associated with returned cheques. RDM holds an approximate 18% interest (13% on a fully diluted basis) in Xign Corporation, a California based provider of collaborative software for the financial supply chain. For further information, visit RDM's web-site at www.rdmcorp.com.

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RDM CORPORATION
Consolidated Balance Sheets
(Amounts In Canadian Dollars, In Thousands, Except Share and Per Share Amounts)

	<u>March</u> <u>31</u> <u>2005</u> <u>(Unaudited</u> <u>)</u>	<u>September</u> <u>30</u> <u>2004</u> <u>(Audited)</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,521	\$ 4,009
Accounts receivable	3,278	2,329
Inventories	3,756	5,054
Other	263	137
Total current assets	11,818	11,529
Long-term investment	6,379	6,379
Capital assets	2,381	2,286
Total assets	\$ 20,578	\$ 20,194
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,842	\$ 2,788
Deferred revenue	356	681
Total current liabilities	2,198	3,469
Shareholders' equity:		
Share capital	26,639	25,098
Deficit	(8,124)	(8,169)
Share purchase loans	(135)	(204)
Total shareholders' equity	18,380	16,725
Total liabilities and shareholders' equity	\$ 20,578	\$ 20,194

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	\$ 4,718	\$ 4,444	\$ 9,062	\$ 7,873
Cost of revenue	2,522	2,795	5,143	4,887
Gross profit	2,196	1,649	3,919	2,986
Operating expenses:				
Sales and marketing	615	658	1,185	1,237
Research and development	791	629	1,669	1,262
General and administration	324	349	552	606
Depreciation and amortization	199	129	348	244
Stock-based compensation	50	70	130	110
Interest and other	(27)	(27)	(10)	(66)
	1,952	1,808	3,874	3,393
Litigation expenses	244	(159)	45	(407)
Earnings (loss) from operations	244	(159)	45	(492)
Income taxes	-	-	-	-
Net earnings (loss)	244	(159)	45	(492)
Deficit, beginning of period	\$ (8,368)	\$ (8,616)	\$ (8,169)	\$ (8,283)
Deficit, end of period	\$ (8,124)	\$ (8,775)	\$ (8,124)	\$ (8,775)
Earnings (loss) per share – basic	\$ 0.01	\$ (0.01)	\$ 0.00	\$ (0.03)
Earnings (loss) per share – diluted	\$ 0.01	\$ (0.01)	\$ 0.00	\$ (0.03)

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Cash provided by (used in):				
Operations:				
Net earnings (loss)	\$ 244	\$ (159)	\$ 45	\$ (492)
Items not involving cash:				
Depreciation and amortization	199	129	348	244
Change in non-cash operating working capital	(51)	(267)	(972)	(478)
Stock-based compensation	50	70	130	110
Repayment of share purchase loans	68	-	69	-
	510	(227)	(380)	(616)
Financing:				
Issuance of share capital, net of issue costs	36	27	1,411	27
Investing:				
Purchase of capital assets	(335)	(275)	(519)	(803)
Increase (decrease) in cash	211	(475)	512	(1,392)
Cash and cash equivalents, beginning of period	4,310	4,601	4,009	5,518
Cash and cash equivalents, end of period	\$ 4,521	\$ 4,126	\$ 4,521	\$ 4,126