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Toronto Stock Exchange symbol: RC

RDM CORPORATION ANNOUNCES RECORD FISCAL 2005 REVENUES AND BOTTOM LINE RESULTS

~ Fiscal 2005 revenues reach \$19.5 million; net earnings exceed \$750,000 ~

WATERLOO, ON, November 28, 2005 – RDM Corporation (TSX: RC), a leading developer of specialized software and hardware products for electronic payment processing, today reported fourth quarter and fiscal 2005 results for the fiscal year ended September 30, 2005. All figures are in Canadian dollars.

Financial Summary

- Total revenues for fiscal 2005 were \$19.5 million, an increase of 12% from \$17.3 million in 2004. Strong performance by the Electronic Payment Solutions segment, which includes software integration revenues from both government and private sector financial institutions and other ITMS customers, was the key driver of the 2005 revenue growth. Revenue growth expressed in U.S. dollars was approximately 21% however the Company was negatively impacted by the continued strengthening of the Canadian dollar in fiscal 2005.
- Gross profits were \$8.7 million or 45% of revenues in 2005, compared to \$7.1 million or 41% of revenues a year earlier. Improved margins were due largely to a higher proportion of total revenues coming from the Electronic Payment Solutions business.
- Net earnings were \$757,000 or \$0.04 per share in 2005, a significant improvement from earnings of \$114,000 or \$0.01 per share in 2004, primarily due to improved consolidated operating margins and year-over-year revenue growth.
- Cash provided by operations was \$921,000 in 2005, compared with cash used in operations of \$369,000 the previous year. The increase in operating cash flow was a result of the aforementioned revenue growth and reduced inventory levels as the company concluded the year with strong fourth quarter scanner sales. RDM entered fiscal 2006 with \$5.5 million in cash and equivalents and \$10.5 million in working capital.
- For the fourth quarter of 2005, total revenues were \$6.3 million compared to \$4.1 million in the fourth quarter of 2004, an increase of 53% from 2004 and an increase of 51% from the third quarter of 2005. Gross margins were 46% in the fourth quarter compared to 43% the previous year. Net earnings were \$624,000 or \$0.03 per share in the fourth quarter of 2005, compared to \$271,000 or \$0.02 per share a year earlier.

2005 Operating Highlights

- The Check Clearing for the 21st Century Act, or “Check 21”, took effect in the U.S. on October 28, 2004, providing additional momentum for adoption of RDM’s solutions.
- Seven of the 10 largest U.S. banks have now selected RDM’s ITMS as their Check 21 solution, and are in the process of rolling out to their own customers.
- RDM launched several new products including Version 2.0 of ITMS and the EC7000i series two-sided check scanner.
- Average weekly ITMS transaction volume exceeded 500,000 items by year-end.

“I am pleased that we were able to grow both our top line and bottom line in 2005 despite slower than expected industry adoption of electronic check conversion technology and a strengthening of the Canadian dollar. This is a testament to our diversified revenue base and the opportunities that exist throughout our core operations,” said Douglas Newman, President and CEO of RDM Corporation. “Equally important, we have solidified our position of leadership in the remote check capture market by signing a majority of the largest U.S. banks to act as distributors for our ITMS service. We remain confident in the tremendous long-term growth potential of both ITMS and our check scanner sales.”

Digital Imaging

The Digital Imaging segment, encompassing both electronic check scanner sales and RDM’s ITMS transaction processing business, generated revenues of \$10 million in fiscal 2005. Digital Imaging revenues, expressed in U.S. dollars, grew approximately 8%, however the strengthening Canadian dollar unfortunately offset the majority of the segment’s revenue growth. The division recorded an operating loss of \$3.9 million for the year, compared to a loss of \$2.5 million in 2004.

Digital Imaging results for the year were below management’s expectations due to the continued appreciation of the Canadian dollar in 2005 and slower than expected bank rollouts of electronic check conversion solutions, which impacted both scanner sales and ITMS transaction volumes. However, encouraging developments in the fourth quarter included the following:

- To accelerate scanner sales, the Company dedicated additional sales resources to this area in the fourth quarter, resulting in record fourth quarter scanner sales and Digital Imaging revenues.
- Cost reduction initiatives and improved scanner margins contributed significantly to strong fourth quarter earnings.
- ITMS volumes at year-end exceeded 500,000 transactions per week, an increase of over 50% from the previous year.
- Several of the Company’s bank distribution partners have now proceeded from the pilot stage to full-blown implementation of their ITMS-based Check 21 solutions to their corporate clients.
- The announcement of a partnership with leading electronic payment solutions provider P&H Solutions marked the establishment of a complementary distribution channel that is expected to create “pull” in the marketplace and increase ITMS penetration among mid-sized financial institutions.

Electronic Payments Solutions

Electronic Payment Solutions, which encompasses custom development projects, experienced a very strong year. The division’s revenues increased from \$5.0 million in fiscal 2004 to \$6.8 million in fiscal 2005, while segment operating earnings rose from \$2.2 million to \$4.2 million.

While the majority of this segment’s fiscal 2005 revenues were generated from U.S. government agencies, over 20% of Electronic Payments Solutions revenues in fiscal 2005 were generated from large private sector U.S. financial institutions looking to implement and integrate RDM’s electronic payments solutions. Management believes this significant increase in the proportion of private sector revenue bodes well for corresponding increases in ITMS revenues in fiscal 2006.

Quality Assurance

The Quality Assurance segment, which provides quality control products to commercial check printers, generated revenues of \$2.6 million in fiscal 2005, compared to \$2.4 million the previous year. The division’s \$714,000 operating contribution met management’s expectations. RDM remains the leading competitor in this market and expects to maintain healthy margins.

Outlook

RDM’s long-term objective continues to be to build a high-growth, profitable business based on Digital Imaging product sales and recurring revenues from ITMS as the market for Check 21 and distributed capture services

matures. The Company's strategy is to reinvest profits from the Quality Assurance and Electronic Payments Solutions businesses to fund growth in the Digital Imaging segment and, where possible, maintain positive overall consolidated operating earnings and cash flow.

While precise timing of widespread adoption of Check 21 remains difficult to predict, management remains confident that the Digital Imaging segment represents the Company's most significant growth opportunity. Check 21 is generally believed to be inevitable in the U.S. due to the significant cost savings and other benefits generated, and RDM's current distribution agreements with major U.S. banks provides a distinct advantage over competing Check 21 solutions.

Organizational Changes

The Company also today announced the planned retirement of Jim Kopperson as Chief Financial Officer. "Jim has made several important contributions to our Company's operations and profitability over the past four years" noted Douglas Newman. "We sincerely thank him for his efforts and wish him all the best in the future". The Company has commenced a search for a replacement and, as part of the Company's succession plan, Mr. Kopperson will continue in his role as Chief Financial Officer until his successor is appointed.

Notice of Conference Call

RDM will be hosting a conference call to discuss the Company's financial results on Tuesday, November 29, 2005 at 10:00 a.m. ET, dial in number: 1-800-814-4941 or 416-644-3414, reference number 21163519. A taped replay will be available for 7 days at 1-877-289-8525 or 416-640-1917, reference number 21163519. A live audio webcast of the call will be available at www.rdmcorp.com, and will be archived for 90 days.

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.

For more information, please contact:

Dave Mason

Investor Relations

The Equicom Group Inc.

(416) 815-0700 ext. 261 phone

(416) 815-0080 fax

dmason@equicomgroup.com

Douglas Newman

President & Chief Executive Officer

RDM Corporation

(519) 746-8483, ext. 340 phone

(519) 746-3317 fax

dnewman@rdmcorp.com

This news release contains forward-looking statements. Forward-looking statements are based on estimates and assumptions made by RDM in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that RDM believes are appropriate in the circumstances. Many factors could cause RDM's actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. Risk factors relating to RDM are discussed in the Risks and Uncertainties section of RDM's Annual Information Form and Management's Discussion & Analysis. These factors should be considered carefully, and readers should not place undue reliance on RDM's forward-looking statements. RDM has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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

At September 30	2005	2004
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,466	\$ 4,009
Accounts receivable	3,396	2,329
Inventories	3,971	5,054
Other	168	137
Total current assets	13,001	11,529
Long-term investment	6,379	6,379
Capital assets	2,304	2,286
Total assets	\$ 21,684	\$ 20,194
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,972	\$ 2,788
Deferred revenue	529	681
Total current liabilities	2,501	3,469
Shareholders' equity:		
Share capital	26,135	24,723
Contributed surplus	575	375
Deficit	(7,412)	(8,169)
Share purchase loans	(115)	(204)
Total shareholders' equity	19,183	16,725
Total liabilities and shareholders' equity	\$ 21,684	\$ 20,194

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

Years ended September 30	2005	2004
Revenue	\$ 19,451	\$ 17,331
Cost of revenue	10,748	10,261
Gross profit	8,703	7,070
Operating expenses:		
Sales and marketing	2,633	2,531
Research and development	3,003	2,517
General and administration	1,266	1,030
Depreciation and amortization	891	649
Stock-based compensation	200	250
Interest and other	(47)	(106)
	7,946	6,871
	757	199
Litigation expenses	-	85
Earnings from operations	757	114
Income taxes	-	-
Net earnings	\$ 757	\$ 114
Deficit, beginning of year	\$ (8,169)	\$ (8,283)
Deficit, end of year	\$ (7,412)	\$ (8,169)
Earnings per share – basic and diluted	\$ 0.04	\$ 0.01

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

Years ended September 30	2005	2004
Cash provided by (used in):		
Operations:		
Net earnings	\$ 757	\$ 114
Items not involving cash:		
Depreciation and amortization	891	649
Change in non-cash operating working capital	(927)	(1,390)
Stock-based compensation	200	250
Other	-	8
	921	(369)
Financing:		
Issuance of share capital, net of issue costs	1,411	79
Repayment of share purchase loans	89	20
	1,500	99
Investing:		
Purchase of capital assets	(964)	(1,239)
Increase (decrease) in cash	1,457	(1,509)
Cash and cash equivalents, beginning of year	4,009	5,518
Cash and cash equivalents, end of year	\$ 5,466	\$ 4,009