



RDM CORPORATION REPORTS 25% REVENUE GROWTH IN FISCAL 2006

- Digital Imaging segment grows 70%; Operating Earnings grow 68% -

WATERLOO, ON, November 17, 2006 - RDM Corporation (TSX: RC), a leading provider of specialized software and hardware products for electronic payment processing, today reported its financial results for the three and twelve-month periods ended September 30, 2006.

2006 Financial Summary

- Total revenues for fiscal 2006 were \$24.3 million, an increase of \$4.9 million or 25% from \$19.5 million in 2005, despite the negative impact of the continued strengthening of the Canadian dollar.
- Revenue growth was driven by a 70% increase in the Digital Imaging segment, which comprised 70% of total revenues in 2006, offset by year-over-year revenue decreases in the Electronic Payments Solutions and Quality Assurance segments.
- Gross profits were \$10.0 million or 41% of revenues in 2006, compared to \$8.7 million or 45% of revenues the previous year. Margin contraction was due to a changing business mix, as the higher margin mature segments comprised a smaller proportion of total revenues.
- Net earnings were \$2.1 million or \$0.10 per share in 2006, up from earnings of \$757,000 or \$0.04 per share in 2005. The 172% increase in net earnings was attributable to revenue growth, operating leverage, and the recognition of an \$850,000 future income tax asset as a result of the continued profitability of the Company. Excluding the impact of the tax asset, earnings from operations grew 68% to \$1.3 million from \$757,000 in 2005.
- Cash provided by operations was \$913,000 in 2006, compared to \$921,000 a year earlier. RDM's cash and equivalents grew during the year from \$5.5 million to \$6.2 million. The Company remains free of long-term debt, and was not drawing on its \$1.0 million operating credit facility at September 30, 2006.
- In the fourth quarter of 2006, total revenues were \$7.2 million compared to \$6.3 million in Q4 2005, representing an increase of 16%, and the highest quarterly revenue total in RDM's history. Gross margins were 41%, compared to 46% the previous year. Net earnings were \$1.6 million or \$0.08 per share, compared to \$624,000 or \$0.03 per share a year earlier. The quarter included the recognition of the tax asset mentioned above, and the recognition of \$264,000 of investment tax credits as a reduction to research and development expense.

2006 Operating Highlights

- The number of U.S. banks that have selected RDM's ITMS[®] service as their remote deposit capture solution grew from 7 at the start of the year to 15. The majority of these banks are among the 50 largest in the U.S.
- ITMS end user locations, a key indicator of growth in transaction volumes, increased from 386 to 3,300 during fiscal 2006.
- Weekly ITMS transaction volumes surpassed 850,000 items at year-end, up from 500,000 items a year earlier.

- Shortly after year-end RDM launched ITMS WebClient, a browser-based version of ITMS that will broaden its reach into new segments of the market.
- RDM strengthened its roster of scanner resellers with the addition of Unisys Corporation in January and the Class A certification of SYNERGY terminals by NOVA Information Systems in September.

“I’m pleased to report that 2006 was another year of very solid execution for RDM. We saw a significant expansion in the segment of our business we are counting on to drive future growth, and we maintained positive earnings in the other segments,” said Douglas Newman, President and CEO of RDM Corporation. “Our results demonstrate the increasing momentum of remote deposit capture technology in the United States, as well as RDM’s product leadership in both scanners and transaction processing. We remain convinced of the widespread implementation of remote deposit capture. It is our intention to position RDM to be one of the leading beneficiaries of that market transformation.”

Digital Imaging

The Digital Imaging segment, which encompasses both electronic check scanner sales and the ITMS transaction processing business, generated revenues of \$17.0 million in fiscal 2006, an increase of \$7.0 million or 70% over the prior year. ITMS revenue growth was impacted by slower than expected bank rollouts of the service to their own customers. Segment growth was driven by strong performance of the Company’s line of scanner products.

Digital Imaging posted an operating loss of \$1.2 million for the year, compared to a loss of \$3.9 million in 2005, as cost reduction initiatives helped offset the impact of an appreciating Canadian dollar. Management continues to invest strongly in this segment and expects it to remain the most significant driver of overall future revenue growth. RDM continues to actively seek additional distribution partners among major U.S. banks and value-added resellers.

Electronic Payments Solutions

The Electronic Payments Solutions segment, which encompasses custom development projects for US government and financial institution customers, generated \$5.5 million of revenue in 2006, representing a decrease of \$1.3 million or 19% from the previous year. The segment contributed \$2.5 million of operating earnings in 2006, compared to \$4.2 million a year earlier.

Quality Assurance

The Quality Assurance segment, comprised of quality control products sold to commercial cheque printers and processors, generated revenues of \$1.8 million in 2006, a decrease of \$0.8 million or 30% from 2005. Revenues fell short of Company expectations due to normal fluctuations between periods. Quality Assurance contributed \$276,000 of operating earnings for the year.

Notice of Conference Call

RDM will be hosting a conference call to discuss the Company’s fiscal 2006 financial results on November 17, 2006 at 9:00 a.m. EST. Dial-in numbers are 416-644-3423 or 1-800-814-4890. 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. Detailed financial results and MD&A will also be available at www.sedar.com by November 20, 2006.

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 provider 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 Image & Transaction Management System (ITMS) is an industry leading e-cheque processing solution 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 checks. 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 website at www.rdmcorp.com.

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

At September 30	2006	2005
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,174	\$ 5,466
Accounts receivable	5,743	3,146
Inventories	3,919	3,971
Investment Tax Credit Receivable	623	250
Future Income tax asset	400	-
Other	266	168
Total current assets	17,125	13,001
Long-term investment	6,379	6,379
Furniture and equipment	1,923	2,304
Future Income tax asset	450	-
Total assets	\$ 25,877	\$ 21,684
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,607	\$ 1,972
Deferred revenue	433	529
Total current liabilities	4,040	2,501
Shareholders' equity:		
Share capital	26,461	26,135
Contributed surplus	781	575
Deficit	(5,356)	(7,412)
Share purchase loans	(49)	(115)
Total shareholders' equity	21,837	19,183
Commitments		
Total liabilities and shareholders' equity	\$ 25,877	\$ 21,684

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

Years ended September 30	2006	2005
Revenue	\$ 24,340	\$ 19,451
Cost of revenue	14,339	10,748
Gross profit	10,001	8,703
Operating expenses:		
Sales and marketing	2,930	2,633
Research and development	3,100	3,003
General and administration	1,542	1,266
Depreciation and amortization	911	891
Stock-based compensation	273	200
Interest and other	(27)	(47)
	8,729	7,946
Earnings from operations	1,272	757
Current Income taxes	66	-
Future Income taxes	(850)	-
	(784)	-
Net earnings	\$ 2,056	\$ 757
Deficit, beginning of year	\$ (7,412)	\$ (8,169)
Deficit, end of year	\$ (5,356)	\$ (7,412)
Earnings per share - basic and diluted	\$ 0.10	\$ 0.04

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

Years ended September 30	2006	2005
Cash provided by (used in):		
Operations:		
Net earnings	\$ 2,056	\$ 757
Items not involving cash:		
Amortization	911	891
Stock-based compensation	273	200
Future Income taxes	(850)	-
Change in non-cash operating working capital	(1,477)	(927)
Cash provided by Operations	913	921
Financing:		
Issuance of share capital, net of issue costs	259	1,411
Repayment of share purchase loans	66	89
Cash provided by financing activities	325	1,500
Investing:		
Purchase of furniture and equipment	(530)	(964)
Cash used in investing activities	(530)	(964)
Increase in cash	708	1,457
Cash and cash equivalents, beginning of year	5,466	4,009
Cash and cash equivalents, end of year	\$ 6,174	\$ 5,466