



For Immediate Release

Toronto Stock Exchange Symbol: RC

RDM Corporation Reports Third Quarter Financial Results

WATERLOO, ON, July 30, 2010 – RDM Corporation (TSX: RC), a leading developer of specialized software and hardware products for electronic payment processing, today reported its financial results for the three month period ended June 30, 2010.

Q3 2010 Highlights

- Total revenues were \$4.8 million in the third quarter of fiscal 2010, compared to \$5.9 million in the third quarter of 2009.
- Payment Processing Services segment revenues, which are recurring in nature, were \$2.3 million in Q3 2010, compared to \$2.5 million a year earlier.
- Transaction volumes for RDM's Image & Transaction Management System (ITMS®) averaged 3.6 million items per week during the third quarter, compared to 3.8 million items per week a year earlier, and 3.6 million items per week during Q2 2010.
- ITMS end user locations increased from 18,500 to 18,750 during the third quarter.
- RDM added two additional bank distributors and five new independent sales organizations (ISOs) during the quarter.
- The Company shipped 4,200 proprietary scanners in the third quarter, compared to 5,250 a year earlier.
- Gross profit was \$1.8 million or 37% of revenues, compared to \$2.5 million or 42% of revenues in the third quarter of 2009.
- Net loss was \$1.0 million or \$0.05 per share in Q3 2010, compared to net earnings of \$0.2 million or \$0.01 per share in Q3 2009. Foreign exchange was a loss of \$365,000 in Q3 2010 versus a gain of \$692,000 in Q3 2009. The change is due to the forward contracts.
- Cash and equivalents were \$15.2 million at June 30, 2010, compared to \$16.1 million at March 31, 2010.

"Results for the third quarter were disappointing and below management's expectations," said Douglas Newman, President and CEO of RDM Corporation. "Some expected scanner orders were delayed beyond quarter-end and new ITMS end user deployments by some of our bank customers were behind schedule."

In response to continued difficult market conditions the Company has:

- re-deployed its resources within the sales organization and re-directed them to our most profitable growth market segments and;
- integrated and expanded its product features into its "Connect" scanner to be market-ready this September.

"Early indications are that the RDM Connect scanner will prove to be a successful product launch," said Mr. Newman. "RDM Connect is a feature rich product that is ideally suited to a number of markets. We've received initial orders and expect to start shipping units by the end of the fiscal year."

For Immediate Release

Toronto Stock Exchange Symbol: RC

Mr. Newman continued: “We are working to find the right balance between positioning the Company for long-term growth and managing for current economic realities, and to that end, we have taken out over a half million dollars of third quarter operating expenses compared to last year.”

Board Committee

A Committee of the Board of Directors has been established with the mandate to work with Management to enhance shareholder value. Management and the Board believe the intrinsic value of the Company is significantly understated, in part due to difficult market conditions. The Committee will work with Management to execute a plan to improve the operating results and enhance shareholder value.

Financial Review

Operating Results by Segment

For the Three Months Ended June 30, 2010

(In thousands of Canadian dollars)	Payment Processing Services	Digital Imaging Products	Electronic Payment Solutions	Quality Assurance	Total
Revenue	\$2,315	\$1,960	\$126	\$350	\$4,751
Gross profit	\$892	\$534	\$64	\$262	\$1,752
Gross profit percentage	39%	27%	51%	75%	37%

Operating Results by Segment

For the Three Months Ended June 30, 2009

(In thousands of Canadian dollars)	Payment Processing Services	Digital Imaging Products	Electronic Payment Solutions	Quality Assurance	Total
Revenue	\$2,491	\$2,948	\$180	\$322	\$5,941
Gross profit	\$1,173	\$1,032	\$66	\$235	\$2,506
Gross profit percentage	47%	35%	37%	73%	42%

RDM generated total revenues of \$4.8 million in the three months ended June 30, 2010, a decrease of \$1.2 million from the third quarter of the previous year. The decrease was attributable to a \$0.7 million impact from a shift in currency exchange rates over the past year, and to a decrease in scanner sales.

Payment Processing Services segment revenues of \$2.3 million represented a decrease of \$176,000 from a year earlier, as the negative effect of exchange rates was only partly offset by the growth in ITMS end user locations. Revenues in the Digital Imaging Products segment decreased \$1.0 million to \$2.0 million due to the currency impact and a decrease in scanner sales. The Electronic Payments Solutions segment and the Quality Assurance segment, which represented a combined 10% of total revenues for the quarter, generated revenues of \$126,000 and \$350,000, respectively, compared to \$180,000 and \$322,000, respectively, in Q3 2009.

For Immediate Release

Toronto Stock Exchange Symbol: RC

Gross profit of \$1.8 million in the third quarter of 2010 was down from \$2.5 million in the Q3 2009. Expressed as a percentage of revenues, the gross margin was 37%, compared to 42% a year earlier. Decreased margins were primarily due to the impact of exchange rates.

The restructuring at the end of the second quarter contributed to a reduction in total operating expenses of \$0.25 million compared to the second quarter of 2010 and \$0.5 million versus the third quarter of 2009. Sales and marketing expense was \$0.9 million in Q3 2010, a decrease of 24% from a \$1.2 million expense the previous year when the Company invested resources in signing new channel partners and launching Simply Deposit™. In addition commission programs were aligned with overall corporate objectives. Research and development expenses decreased 14% to \$1.0 million as the Company continued to invest in new product development, but at a reduced level of spending. General and administration expenses decreased 22% to \$415,000.

Net loss was \$1.0 million in the third quarter of 2010, or \$0.05 per share, compared to a net income of \$175,000 or \$0.01 per share a year earlier. Foreign exchange represented a loss of \$365,000 in the third quarter of 2010 compared to a gain of \$692,000 in Q3 2009.

RDM repurchased 4,500 shares during the third quarter under its previous Normal Course Issuer Bid, which expired on May 20, 2010. At June 30, 2010, the Company had 20.75 million common shares outstanding.

International Financial Reporting Standards

RDM is preparing for the implementation of International Financial Reporting Standards (“IFRS”) to be ready for the changeover in fiscal 2012. The Company has determined that the functional currency for the financial statements should change to the U.S. dollar as part of implementing IFRS. The change is considered significant.

Normal Course Issuer Bid

RDM’s Board of Directors has approved a new Normal Course Issuer Bid. The Bid is subject to regulatory approval.

Conference Call

RDM will be hosting a conference call to discuss the Company’s third quarter results on July 30, 2010 at 9:00 a.m. EDT. Dial-in numbers are 647-427-7450 or 1-888-231-8191. The call will be webcast live and archived at www.rdmcorp.com. Detailed financial results and Management’s Discussion and Analysis will be filed on www.sedar.com.

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 check conversion systems and web based image and transaction management services for banks, retailers, payment processors and government agencies as well as print quality control and image quality systems for a variety of global customers. For more information, visit RDM’s website at www.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

For Immediate Release

Toronto Stock Exchange Symbol: RC

Uncertainties section of RDM's Annual Information Form and year-end Management's Discussion and 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.

For more information, please contact

Douglas Newman
President and CEO
RDM Corporation
(519) 746-8483/340
DNewman@rdmcorp.com

James Merwin
CFO & Vice President, Corporate Development
RDM Corporation
(519) 746-8483/284
JMerwin@RDMCorp.com

###

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

	June 30, 2010 Unaudited	September 30, 2009 Audited
Assets:		
Current assets:		
Cash and cash equivalents	\$ 15,196	\$ 15,718
Accounts receivable	3,735	4,123
Inventories	3,511	3,409
Investment tax credit receivable	1,341	1,770
Other	774	2,039
Total current assets	24,557	27,059
Furniture and equipment	3,430	3,275
Intangible assets	382	288
Total assets	\$ 28,369	\$ 30,622
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,146	\$ 3,062
Deferred revenue	456	498
Total current liabilities	3,602	3,560
Future income tax liability	201	201
Shareholders' equity:		
Share capital	27,592	27,639
Contributed surplus	2,084	1,886
Retained earnings (deficit)	(5,110)	(2,664)
Total shareholders' equity	24,566	26,861
Total liabilities and shareholders' equity	\$ 28,369	\$ 30,622

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

	Three months ended June		Nine months ended June	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)
Revenue	\$ 4,751	\$ 5,941	\$ 15,701	\$ 18,810
Cost of revenue	2,999	3,435	9,780	10,776
Gross Profit	1,752	2,506	5,921	8,034
Operating expenses (income):				
Sales and marketing	941	1,233	2,938	3,879
Research and development	976	1,130	3,366	3,295
General and administration	415	533	1,425	1,449
Depreciation and amortization	51	64	147	186
Stock-based compensation	65	75	198	332
Foreign exchange loss (gain)	365	(692)	(96)	1,319
Interest Income	(12)	(12)	(30)	(117)
Restructuring	-	-	419	-
	2,801	2,331	8,367	10,343
Earnings (loss) before income taxes	(1,049)	175	(2,446)	(2,309)
Income Tax expense	-	-	-	-
Net earnings (loss) and comprehensive earnings (loss)	(1,049)	175	(2,446)	(2,309)
Net earnings (loss) per share – basic and diluted	\$ (.05)	\$.01	\$ (.12)	\$ (.11)

RDM CORPORATION
Statement of Shareholder's Equity
(Amounts in Canadian Dollars, In Thousands)

	Share Capital	Contributed Surplus	Retained earnings (deficit)	Total
Balance as at September 30, 2008	\$ 28,338	\$ 1,162	\$ (641)	\$ 28,859
Net loss and comprehensive loss	-	-	(6,309)	(2,309)
Repurchase of share capital	(358)	-	-	(358)
Stock-based compensation	-	332	-	332
Balance as at June 30, 2009	\$ 27,980	\$ 1,494	\$ (2,950)	\$ 26,524
Balance as at September 30, 2009	\$ 27,639	\$ 1,886	\$ (2,664)	\$ 26,861
Net loss and comprehensive loss	-	-	(2,446)	(2,446)
Repurchase of share capital	(47)	-	-	(47)
Stock-based compensation	-	198	-	198
Balance as at June 30, 2010	\$ 27,592	\$ 2,084	\$ (5,110)	\$ 24,566

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

	Three months ended June		Nine months ended June	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)
Cash provided by (used in):				
Operations:				
<i>Net earnings (loss)</i>	\$ (1,049)	\$ 175	\$ (2,446)	\$ (2,309)
<i>Items not involving cash:</i>				
Amortization of furniture and equipment	319	262	857	711
Amortization of intangible assets	10	13	27	36
Stock-based compensation	65	75	198	332
Future income taxes	-	10	-	(64)
Change in non-cash operating working capital	77	(238)	1,435	2,159
Cash provided by (used in) operations	(578)	297	71	865
Investing:				
Repurchase of share capital	(4)	(25)	(47)	(358)
Purchase of furniture and equipment	(228)	(181)	(425)	(913)
Additions to intangible assets	(41)	(16)	(121)	(76)
Cash used in investing activities	(273)	(222)	(593)	(1,347)
Increase (decrease) in cash and cash equivalents	(851)	75	(522)	(482)
Cash and cash equivalents, beginning of period	16,047	16,864	15,718	17,421
Cash and cash equivalents, end of period	\$ 15,196	\$ 16,939	\$ 15,196	\$ 16,939
Supplementary cash flow information:				
Noncash furniture and equipment additions included in accounts payable	\$ 587	\$ -	\$ 587	\$ -