



EVOLVED DIGITAL SYSTEMS INC. ANNOUNCES RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2005, ACHIEVES POSITIVE EBITDA ON 8% REVENUE INCREASE

Montréal, (Québec, Canada) – May 13, 2005 / CNW/ - Evolved Digital Systems Inc. (TSX: EVD), a leading healthcare technology solutions company, today announced its results for the quarter ended March 31, 2005.

Revenues for the first quarter 2005 totaled \$4.4 million, up 8% compared to revenues of \$4.1 million for the first quarter 2004. This increase in revenue is primarily due to a cardiology software development agreement with a leading OEM that has supplanted cardiology imaging software license revenues sold directly to end users. In addition, Evolved continues to experience growth within its managed services customer base.

Loss from operations for the three-month period ended March 31, 2005 was \$0.5 million compared to \$5.5 million for the comparable period in the prior year. Evolved feels that EBITDA, a financial measure that is not standardized under Canadian generally accepted accounting principles (GAAP), is most directly comparable to the GAAP measure of loss from operations. EBITDA for the first quarter of 2005 was positive \$0.2 million compared to \$4.5 million loss for the first quarter of 2004. The increase of \$4.7 million is primarily attributable to the continued reduction in operating costs as a result of the 2003 business combination that created Evolved as well as management's focus on continuing to capitalize on the synergies created in that business combination.

Net loss for the first quarter 2005 was \$0.7 million (or \$0.01 per share) versus a net loss of \$5.6 million for the first quarter 2004 (or \$0.10 per share).

Evolved completed a debt and equity financing package of up to \$8.2 million on February 18, 2005. The initial closing of \$6.0 million consisted of a \$3.0 million term loan from Argosy Bridge Fund L.P. II and a \$3.0 million private placement of a newly created class of shares, the First Series A Preferred Shares, issued to two existing shareholders. Additional equity and debt closings of up to \$2.2 million are subject to certain terms and conditions and are anticipated to occur prior to August 30, 2005.

"We achieved positive quarterly EBITDA for the first time in the company's history. Much of this improvement was attained by cost and infrastructure rationalization. We can now focus on expanding our customer base, increasing revenues and taking advantage of our leveraged business model," commented Richard Eskin, Evolved's Chairman. "As more mid-sized hospitals and imaging centers adopt long term digital imaging strategies,

we believe we are well positioned to capture share with our unique managed services solution. We have demonstrated that our customers can achieve their clinical and financial goals with our solutions.”

Financial highlights are as follows:

Three months ended March 31,	2005	2004	% Change
Total revenue	\$4,431,907	\$4,107,290	7.9%
Loss from operations	464,484	5,545,211	(91.6%)
Net loss	661,871	5,600,599	(88.2%)
Basic and diluted loss per share	\$0.01	\$0.10	—
Weighted average number of common shares outstanding during the period	56,488,540	56,488,540	—

Reconciliation of EBITDA and Loss from Operations

	Three-month periods ended March 31,	
	2005	2004
Loss from operations	\$ (464,484)	\$ (5,545,211)
Less: Other income	(10,761)	(20,348)
Plus: Depreciation and amortization	649,558	1,032,679
EBITDA	\$ 195,835	\$ (4,492,184)

About Evolved

With over 100 customer locations across North America, Evolved has become a leading healthcare technology solutions company. Its services and enabling technologies transform hospital and clinic imaging departments from manual to digital-based systems, improving efficiency, turnaround time, and patient care. Evolved is a publicly traded company listed on the Toronto Stock Exchange. Corporate headquarters are based in Laval, Quebec. Evolved’s U.S. offices are located in Brentwood, Tennessee.

Non GAAP Financial Measures

Certain financial measures used in this press release do not have any standardized meaning under Canadian GAAP. Earnings before interest, taxes, depreciation and amortization (EBITDA) is a financial metric used to analyze operating results. We define EBITDA as net loss less depreciation and amortization, including loss on impairment of assets, and net interest expense. EBITDA is used as a benchmark of operating performance and is a key component of certain of our restrictive debt covenants. A reconciliation of EBITDA to operating loss is presented where EBITDA is first discussed. This non-GAAP financial measure does not have any standardized meaning prescribed

by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

For Further Information:

For more information, contact EVOLVED at 877-5EVOLVED or visit the company website at www.evolveddigital.com

FORWARD-LOOKING STATEMENTS: Certain statements in this communication may constitute forward-looking statements. They are based on management's current expectation and could be affected by numerous factors and are subject to various risks and uncertainties. Certain of those risks and uncertainties are discussed in company filings with the Canadian Securities Commission. Do not rely on any forward-looking statements, as we cannot predict or control many of the factors that ultimately may affect our ability to achieve the results estimated. We make no promise to update any forward-looking statement, whether as a result of changes in underlying factors, new information, or future events.

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