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**EVOLVED DIGITAL SYSTEMS INC. ANNOUNCES 61% INCREASE IN REVENUE  
FOR THE FIRST QUARTER 2004.**

**Montréal, (Québec, Canada) – May 14, 2004 / CNW/ - Evolved Digital Systems Inc. (TSX: EVD)**, a leading healthcare technology solutions company, today announced its consolidated financial and operating results for the first quarter ended March 31, 2004. Revenues were \$4.1M for the quarter, up 61% compared to the first quarter of 2003. Net Loss declined by 34% to \$5.6M.

“A number of factors contributed to our improved financial performance,” stated John Southcott, President and CEO. “We were able to refine the Company’s strategy drawing from the capabilities and customer base of the predecessor organizations, Electromed Inc. and Inphact, Inc. We began a fundamental restructuring of our costs. We recruited and promoted new management talent in all areas of the Company. We made plans to exit the European market, focusing our direct sales efforts on the United States healthcare market. Finally, we introduced a new combined cardiology/radiology image management product offering which should begin to affect our financial results in the following quarters,” added Mr. Southcott.

**Financial highlights are as follows:**

<b>Three Months Ended March 31,</b>	<b>2004<sup>1</sup></b>	<b>2003<sup>1</sup></b>	<b>% Change</b>
Total revenue	4,107,290	2,545,516	61.3
Loss from operations	5,545,211	4,550,370	21.8
Net loss	5,600,599	8,444,530	(33.7)
Basic and diluted loss per share	\$0.10	\$5.59	-
Weighted average number of common shares outstanding during the period <sup>2</sup>	56,488,540	1,511,255	-

<sup>1</sup> Consolidated financial and operating results for the first quarter ended March 31, 2003 include those of INPHACT only and are related to radiology only. Revenue for first quarter ending March 31, 2004 consisted of radiology revenue of \$3,347,757 and cardiology revenue of \$759,533.

<sup>2</sup> Outstanding shares for the quarter ending March 31, 2003 included only INPHACT, outstanding shares for the quarter ending March 31, 2004 include the effect of the business combination and the follow-on offering completed October 15, 2003.

**Quarterly Investment Community Conference Call:**

A quarterly results conference call with the investment community will be held at 3PM Central Time on Tuesday, May 18, 2004. Call in number is 1-800-929-7414. Pass Code 414854.

**About Evolved**

With over 110 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. U.S. offices are located in Brentwood, Tennessee. For more information, contact EVOLVED at 877-5EVOLVED or visit the company website at [www.evolveddigital.com](http://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.*

**Source:** Evolved Digital Systems Inc.

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