



Press Release

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FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for 2009

Haifa, Israel, MediVision Medical Imaging Ltd. ("MediVision", "MV", EURO.NM: MEDV) released today (Monday, March 29th, 2009) information concerning its operations and financial results for the period ended December 31st, 2009. MediVision consolidated revenues for the year December 31st, 2009 aggregated to \$6,377,000 compared to revenues of \$14,410,000 for the comparable period of 2008, reflecting a decrease due to cessation of including OIS revenues in the profit and loss statement as of July 1st, 2009 and the cessation of including CCS revenues in the profit and loss statement as of October 1st, 2009.

The company signed an Asset Purchase Agreement ("APA") on June 24th, 2009 with its US subsidiary Ophthalmic Imaging Systems ("OIS", OTCBB: OISI), and closed it on October 21st, 2009. OIS has acquired MV's assets and activities relating to (i) digital electro-optical imaging devices technology, intellectual property and products, (ii) MV's branch in Belgium, (iii) all of MV's holdings in its German subsidiary CCS Pawlowski GmbH ("CCS"), constituting approximately 63% of the issued share capital of CCS, and (iv) its distribution agreements with various European distributors (all together, the "Purchased Assets"). OIS also assumed certain specific liabilities relating to the Purchased Assets.

In consideration for the Purchased Assets, OIS has released MV from its obligations under certain loans granted by OIS to MV in various dates since 2005, estimated at approximately \$4.2 million and to undertake MV's obligations in connection with a loan granted to MV by the Israeli United Mizrahi-Tefahot Bank, estimated at approximately \$1.5 million. This obligation has been undertaken by OIS during October 2009.

The valuation of the Purchased Assets for the purpose of the APA were determined, *inter alia*, upon a fairness opinion, prepared by an independent professional third party (the "Fairness Opinion"), taking into account the respective assets, liabilities, business plans, products and technologies, prospects and various other considerations. To secure its obligations under the APA, MV deposited in escrow approximately 6 million shares of OIS, which MV owns (valuated at approximately \$6,360,000 million based on current share price of OIS).

The APA also provides that (i) MV shall not compete with the business of the Purchased Assets for 3 years, (ii) MV and OIS shall each bear certain liabilities and indemnification undertakings towards each other and that MV shall refrain from certain actions specified in the APA without OIS' consent. Following consummation of the APA, MV shall remain with certain historical assets and rights and its main asset shall be its shareholdings in OIS.

Along with the APA, MV signed additional ancillary documents, including a Voting Agreement regarding OIS with certain principal shareholders of OIS and of MV, and an Escrow Agreement. The APA was unanimously approved by MV's Board of Directors and Audit Committee, and was unanimously approved by MV's shareholders in a special shareholders meeting which was convened on September 22nd, 2009.

Closing of the APA was held on October 21st, 2009, after securing all approvals and consents which were legally required, except for approvals from the Israeli Office of the Chief Scientist and the Investment Center of the Israeli Ministry of Industry, Trade & Labor for the performance of the Asset Purchase Agreement, which MV is to exert best efforts to obtain within 6 months from the Closing. At the time of signing this report the company has received the necessary approval from the Israeli Office of the Chief Scientist.

The main effect of the APA agreement on MediVision report is that all the sold assets including CCS shares and other assets are presented as short term assets.

CONSOLIDATED STATEMENTS OF OPERATIONS (U.S. Dollars in thousands, except per-share data)

	Notes	2009	2008
Sales	13.1	6,377	14,410
Cost of sales	13.2	(3,402)	(6,630)
Gross profit		2,975	7,780
Other income (loss)	13.3	2,147	(*) (520)
Selling and marketing expenses	13.4	(2,195)	(4,832)
General and administrative expenses	13.5	(1,670)	(2,319)
Research and development costs, net	13.6	(1,290)	(2,859)
Operating loss		(33)	(2,750)
Financial income		60	261
Financial expenses		(592)	(792)
share of loss of an associate		(1,701)	-
loss before tax		(2,266)	(3,281)
Income tax expenses	14	(2)	(*) (1,341)
Loss for the year		(2,268)	(4,622)
attributable to:			
Equity holders of the parent		(1,970)	(3,296)
Minority interests		(298)	(1,326)
		(2,268)	(4,622)
Earnings per share			
Basic, loss for the year attributable to ordinary equity holders of the parent		\$ (0.27)	\$ (0.4)

(*) Restated - see note 2.2

Management's Discussion and Analysis of the Financial Condition and Results of Operations of the Company

During the year the company has ceased to consolidate the results of OIS due to the reduction from 56% share holding in OIS to approx 35%, and ceased to consolidate CCS starting October 1st, 2009. The influence on the profit and loss statement is described here below:

Sales - The consolidated Sales for the year ended December 31st, 2009 aggregated to \$6,377,000 compared to sales of \$14,410,000 for the comparable year of 2008. This is the result ceasing the consolidation of OIS and CCS results comparing the year of 2008 when OIS and CCS reports were aggregated.

Gross Profit - Gross profit for the year ended December 31st, 2009 was \$2,975,000 or 46.6% of sales revenues, as compared with \$7,780,000 which were 53.9% of sales revenues for the comparable year of 2008. Gross margins decreased due non-consolidation of OIS and CCS in the year 2009.

Research and Development Expenses - Research and Development Expenses were in the amount of \$1,290,000 compared to \$2,859,000 during 2008.

Selling and Marketing Expenses - Total Selling and Marketing expenses for the year ended December 31st, 2009 amounted \$2,195,000 which are 34.4% of total Sales revenues, as compared with \$4,832,000 which were 33.5% of total Sales revenues for the comparable year 2008.

General and Administrative Expenses - General and Administrative expenses include mainly salaries, professional services, rental, maintenance and various provisions. Total General and Administrative expenses for the year ended December 31, 2009 were \$1,670,000 which are 26.1% of the total Sales, as compared to \$2,319,000, which were 16% of total Sales in the comparable year of 2008.

Minority Interest - Minority interest for the period ended December 31st, 2009 are attributed mainly to the part of CCS minority shareholders in the loss of CCS. The minority interest related to OIS is no longer relevant as OIS is no longer consolidated, as mentioned above. .

Other Income Net - These expenses reflect the loss from decreasing MediVision share in OIS and profit from selling the assets to OIS as part of implementation of the APA agreement.

Balance Sheet Information

Balance Sheet for the period ended December 31 st , Assets	Notes	2009	2008
(U.S. Dollars in thousands)			

Current assets		
Cash and cash equivalents		27 2,785
Restricted cash		- 158
Trade and other receivables	3	175 2,771
Inventories	4	- 1,576
		<u>202</u> <u>7,290</u>
Non-current assets		
Property and equipment	5	- 600
Investments in an associate	6	2,513 -
Goodwill and Intangible assets	7	- 8,080
Differed tax assets		- (*) -
		<u>2,513</u> <u>8,680</u>
Total assets		<u>2,715</u> <u>15,970</u>
Liabilities and equity		
Current liabilities		
Credit from banks and shareholders	8	1,168 3,664
Trade and other payables	9	1,036 5,714
		<u>2,204</u> <u>9,378</u>
Non-current liabilities		
Long-term loans from banks and others	10	- 1,034
Employee benefit liability		61 64
		<u>61</u> <u>1,098</u>
Total liabilities		<u>2,265</u> <u>10,476</u>
Equity		
Issued capital	12	215 215
Share premium		9,302 9,302
Capital reserve		(311) (311)
Foreign currency translation differences		- 67
Retained deficit		(8,756) (*) (6,826)
Equity attributable to equity holders of the parent		<u>450</u> <u>2,447</u>
Minority interests		- 3,047
Total equity		<u>450</u> <u>5,494</u>
Total equity and liabilities		<u>2,715</u> <u>15,970</u>

(*) Restated - see Note 2.2 in the financial statements

investments in an associate: Due to the ceasing consolidation of OIS and CCS reports and due to the selling of CCS shares as part of the implementation of the APA agreement this account reflects the investment in OIS (please see note 6 in the financial statements) .

Goodwill and Intangible assets: Due to the ceasing consolidation of OIS and CCS and selling the Knowledge of the digital electro-optical imaging devices technology elect to OIS, this account was reduced to 0 at December 31st, 2009 (please see note 7 in the financial statements).

Long-term debt - Long-term debt during the period ended December 31st, 2009 decreased due to repayments of loans Due to the completion of the APA agreement during the fourth quarter of 2009 all bank loans were repaid.

Total equity - During the year ended December 31st, 2009, total equity was decreased by \$1,997,000 reaching \$450,000.

This Release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks including but not limited to as listed below and other factors, which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results of outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended. Such abovementioned risks include but are not limited to:

1. Uncertain market acceptance of Company products - The Company's future growth and profitability will depend, in large part, on the acceptance by the market of the Company's existing and proposed products. This acceptance will be substantially dependent on educating the market as to full capabilities, distinctive characteristics, perceived benefits and efficacy of the Company's existing and proposed products. In addition, the future success of the Company's products will depend on their acceptance by customers and on such customers' willingness and ability to purchase such products. There can be no assurance that the Company's products will receive the necessary market acceptance. Failure of the Company's existing and/or proposed products to gain market acceptance could have a material adverse effect on the Company's business, financial condition and results of operations.

2. New products - The Company, through its Research and Development teams, engages in the development of new technologies and products and in the upgrading and improvement of existing ones. There is no certainty that development of these technologies and/or products will be completed, successfully, or at all, or if completed successfully, that a market for them will exist.

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