



Press Release

MediVision Medical Imaging Ltd.

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FOR IMMEDIATE RELEASE

MEDIVISION PRESENTS MANAGEMENT'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2003

Company recorded \$10.5M in revenues and \$0.5M net income for the year

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (March 22, 2004) information concerning its operations and the financial results for year ended December 31, 2003.

MediVision has recorded a net profit of approximately U.S. \$472 thousands for the year ended December 31, 2003. This is the first year in company history during which the company recorded net annual profit.

The EBITDA for the year ended December 31, 2003 was approximately U.S. \$686 thousands an improvement of 19%, as compared with EBITDA of approximately U.S. \$577 thousands for the comparable periods ended December 31, 2002.

The Company and its subsidiary increased the sales in the year of 2003 by 11%, compared to the parallel periods of 2002 and reached sales volume of approximately U.S. \$10,468 thousands.

"We are pleased with the Company's performance during last year," said Noam Allon, President & CEO of the Company. "These results reflect our strong position in the US market which allows continuation of our revenue growth which stems also from the highly regarded WinStation line of products in the ophthalmic imaging market". Mr. Allon added: "We continuously invest in research and development, and in partnering with other vendors, in order to add to our product portfolio new and innovative products which will stimulate our future growth."

Jonathan Adereth, Chairman of the Board of Directors of MediVision, added, "In 2003 we saw improvement in our operational and financial parameters. We are encouraged by our ability to increase revenues while reducing general operating expenses. This results from continuous efforts by the management and employees of the company to increase productivity and efficiency across all company activities. These efforts resulted in the first annual profit for the company ever since its inception, of which we are very delighted."

Highlights of the Period ended December 31, 2003:

Increase in sales volume – Following the continuous increase in sales volumes in previous quarters, the fourth quarter of 2003 demonstrates again the on going confidence of the customers and market in the Company. The Company's sales for the fourth quarter of 2003 amounted to approximately U.S. \$ 2,801 thousands as compared to approximately U.S. \$ 2,778 thousand for the fourth quarter of 2002, reflecting an increase of 1%.

The fourth quarter of 2003 is the Twelfth consecutive quarter in which the company presents growth in sales volume over the parallel quarter of the previous year.

Medivision's sales for the year ended December 31, 2003 were approximately U.S. \$ 10,468 thousands compared to approximately U.S. \$ 9,465 thousands sales for the parallel periods in 2002, reflecting an increase of 11%.

Net profit – This year is the first year in which the Company shows net profit. This achievement is a further step, following the achievements of previous year, in which the Company has presented a positive Operating Income.

Deferred Taxes – The 2003 results include a gain of U.S. \$449 thousands resulting from income tax benefits associated with net operating loss carryover by OIS, the US subsidiary.

Increasing holding in OIS – In the second quarter of 2003 the company exercised an option to convert U.S. \$1,150 thousands of debt, owed by its US subsidiary, Ophthalmic Imaging Systems ("OIS", OTCBB: OISI) into stock, increasing its holdings in OIS by additional 12% to 85% of the common stock of OIS.

Funds raising by OIS – During September 2003 OIS signed on a convertible loan agreement with Laurus funds. The convertible loan is at the amount of U.S. \$1.2 million and is convertible into OIS shares under certain conditions.

First sale of EMR / EPM solution - Following the reseller agreement signed in August 2003 by OIS with NextGen Healthcare Information Systems, Inc., a subsidiary of Quality Systems, Inc. (NASDAQ: QSII), OIS sold during the Third Quarter its first EMR / EPM product. Under the terms of the agreement, OIS was appointed as a reseller in the US of two computer-based practice management and medical records products: NextGen® Enterprise Practice Management (EPM) and NextGen® Electronic Medical Records (EMR).

FAST 50 Technology contest for 2003 – Fast 50 contest held by Deloitte & Touche accounting firm ranks the Israeli technology companies upon their five year percentage growth in revenue between 1998 and 2002. The Company was awarded the 5th place out of 50 ranked companies with 1006% revenue growth in five years, and climbed up from the 11th place of last year' competition.

Information in regard to the Financial Situation for the year ending December 31, 2003

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. Dollars in thousands (except per share amounts)

	Year ended December 31,	
	2003	2002
Sales	10,468	9,465
Cost of sales	4,186	3,699
Gross profit	6,282	5,766
Operating expenses:		
Research and development expenses, net	874	775
Selling and marketing expenses	3,317	2,841
General and administrative expenses	1,733	1,920
Total operating expenses	5,924	5,536
Operating income	358	230
Financial expenses, net	323	317
	35	(87)
Other income (expenses), net	36	(153)
Profit (loss) for the year before taxes on income	71	(240)
Tax benefit (taxes on Income)	405	(19)
Net profit (loss) for the year before minority interest in earning	476	(259)
Minority interest from ordinary activities	(4)	-
Net profit (loss) for the year	472	(259)
Basic earnings (loss) per share (in U.S. Dollars)	0.07	(0.04)

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

Sales

The consolidated Sales for the year ended December 31, 2003 and for the fourth quarter of 2003 aggregated to approximately U.S. \$10,468 thousands and U.S. \$ 2,801 thousands respectively as compared to Sales of approximately U.S. \$9,465 thousands and U.S. \$ 2,778 thousands for the comparable periods of 2002 reflecting an increase of 11% and 1% respectively. During the period ended December 31, 2003, 91% of the Company's Sales were in the U.S.A., 7% were in Europe and 2% were to domestic and other markets

Gross profit

Gross profit for year ended December 31, 2003 were approximately U.S. \$6,282 thousands which are 60% of sales revenues, as compared with gross profit of approximately U.S. \$5,766 thousands, which were 61% of sales revenue for the comparable periods of 2002.

Research and Development Expenses

In accordance with International Accounting Standards (IAS), the Company does not capitalize its research and development expenses. Accordingly, statements of operations include research and development expenses. The Company's total R&D expenses for year ended December 31, 2003

amounted to approximately U.S. \$963 thousands or 9% of sales revenue. The participation in R&D expenses related to the CGLT project by the BIRD-F during the year ended December 31, 2003, which is included as a deduction of research and development expenses, amounted to approximately U.S. \$89 thousands, therefore net R&D expenses were approximately U.S. \$874 thousands, as compared to net R&D expenses of approximately U.S. \$775 thousands for the comparable periods in 2002. The R&D expenses for the year ended December 31, 2003 are attributed mainly to the R&D efforts made in the development of a new product platform which was released to the market towards the end of 2003, and also in respect to the integration between MediVision products and AGFA products and the completion of the CGLT development project.

Selling and Marketing Expenses

Total Selling and Marketing expenses for the year ended December 31, 2003 were approximately U.S. \$3,317 thousands, which are 32% of total sales revenues, as compared to approximately U.S. \$2,841 thousands, which were 30% of total sales revenues during the parallel period of the previous year. Marketing expenses include expenses stemming from marketing campaigns, trade shows, advertising in professional publications, travels, salaries and commissions.

General and Administrative Expenses

General and Administration expenses include mainly management salaries, professional services, rental, maintenance and various provisions. Total General and Administrative expenses for the year ended December 31, 2003 were approximately U.S. \$1,733 thousands, which are 17% of the total sales, as compared to approximately U.S. \$1,920 thousands, which were 20% of the total sales during parallel period of 2002. The decrease in General and Administrative expenses in absolute terms and in percentage of revenues is a result of the continued effort by the management to reduce costs and increase productivity and efficiency across all company activities.

Tax Benefits on Income

The 2003 results include a gain of U.S. \$449 thousands resulting from income tax benefits associated with net operating loss carryover by OIS, the US subsidiary.

About MediVision

MediVision specializes in digital imaging devices for ophthalmic applications with an emphasis on diagnostics related to the eye retina. MediVision's products are designed to provide digital upgrades for a range of ophthalmic imaging systems, thus significantly enhancing imaging capability and providing its users with advanced diagnostic tools. The company's goals are to achieve significant market share and be a market leader in the ophthalmic digital imaging field. The company owns 85% interest in Ophthalmic Imaging Systems Inc. based in Sacramento, California, USA.

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 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.

End of message

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