



Press Release

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FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the year ended December 31, 2005 Revenues grew 20% to \$15.4M; EBITDA grew 16% to \$1.6M

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. ("MediVision", EURO.NM: MEDV) released today (March 9, 2006) information concerning its operations and financial results for the year ended December 31, 2005. MediVision Revenues for the year ended December 31, 2005 aggregated to \$15,386,000 compared to revenues of \$12,792,000 for the year of 2004, reflecting an increase of 20%. The EBITDA for the year of 2005 were \$1,642,000, reflecting an improvement of 16% as compared with \$1,414,000 for the year of 2004. During the year ended December 31, 2005, 82% of the Company's revenues were generated in the US and 18% were generated in Europe and other markets.

Noam Allon, President & CEO of MediVision commented: "We are pleased to present our results with significant growth in sales and EBITDA, which are strong indicators for the momentum in all aspects of our operations. The balance sheet has been significantly improved and demonstrates an impressive growth in Working Capital and various liquidity ratios. These trends and the growing investment in Research & Development, which rose to \$1.55 million during 2005 or 10% of the revenues, are key factors in our continuous growth plan."

Highlights of the year ended December 31, 2005

Additional holdings in CCS – During the third quarter of 2005, and further to the acquisition of the majority stake of 54% in CCS Pawlowski GmbH ("CCS"), a leading German company in the field of ophthalmic imaging, MediVision completed the second acquisition step and acquired additional 9% of the common stock of CCS as per the terms of the original agreement, reaching 63% holdings in CCS. MediVision has the option to reach up to 80% of the company's holdings until January 2007.

Sale of OIS shares - During the year the Company sold 400,000 of OIS's Common Stock to Meadowbrook Opportunity Funds LLC at a price of \$1.20 per share and additional 310,000 of OIS's Common Stock to Bard Associates, Inc. at a price of \$1.45 per share. The consideration received from the sales of these shares amounted to \$919,000 (net of expenses of \$10,500), and the Company recorded a capital gain of \$522,000. The Company also recorded a gain of \$156,000 from the issuance of shares by OIS upon the exercise of options and conversion of a note. The gain is included in other income.

Subsequent Sale of OIS shares on February 2006, the Company sold 1 million shares of OIS's common Stock to Wasatch Advisors, Inc. at a price per share of \$1.80. As a result of the foregoing transaction, as of February 22, 2006, MediVision owns approximately 59% of OIS's outstanding Common Stock.

Receipt of a \$2,000,000 long term loan - During the reported year, the Company received a long term loan from United Mizrahi Bank Ltd. in the amount of \$2,000,000. The loan will be paid in twenty four monthly installments, commencing on August 1, 2006, under certain conditions set forth in the loan agreement.

Implementation of New accounting policies - During the year ended December 31, 2005 the Company has adopted the implementations of the IAS 1, IFRS 2&3 accounting standards. This change is reflected (among others) in the consolidated statements of operations.

Information in regard to the Financial Situation for the year ending December 31, 2005

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

	Year ended December 31,	
	2005	2004
Sales	15,386	12,792*
Cost of sales	6,459	5,494*
Gross profit	8,927	7,298
Operating expenses:		
Research and development expenses, net	1,548	961
Selling and marketing expenses	3,887	3,404*
General and administrative expenses	2,064	1,895
Total operating expenses	7,499	6,260
Operating income	1,428	1,038
Financial expenses, net	465	387
Profit for the year before other income	963	651
Other income, net	574	1,293
Profit for the year before taxes on income	1,537	1,944
Tax benefit (expenses)	(13)	490
Net Profit for the year	1,524	2,434
Attributed to:		
Equity holders of the parent	1,043	1,985
Minority interest	481	449
	1,524	2,434
Basic and diluted earnings per share (in Dollars)	0.15	0.29

*Reclassified - The Company reports installation revenue within sales, and installation expenses within cost of sales. Prior to 2004 such amounts were immaterial, and were presented, net, in selling and marketing expenses. These amounts increased with the increase in sales of software in 2004. Installation revenue and cost of sales in 2004 were \$475,200 and \$503,250 respectively. These amounts were reclassified.

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, 2005 aggregated to \$15,386,000 as compared to sales of \$12,792,000 for the year of 2004, reflecting an increase of 20%. During the year ended December 31, 2005, 82% of the Company's Sales were generated in the U.S. and 18% were generated in Europe and other markets compared with 82% of Company's sales in the U.S. and 18% in Europe and other markets during the year of 2004.

Gross Profit - Gross profit for the year ended December 31, 2005 were \$8,927,000, or 58% of sales revenues, as compared with \$7,298,000 which were 57% of sales revenues for the year of 2004. This change in percentage stems predominantly from changes in product mix.

Research and Development Expenses - Total R&D expenses for the year ended December 31, 2005 amounted to \$1,548,000 or 10% of Sales revenues. The net R&D expenses in the previous year were \$961,000 or 8% of Sales revenues in 2004. The R&D expenses for the year ended December 31, 2005 were attributed mainly to the R&D efforts made in the development of new digital imaging products.

Selling and Marketing Expenses - Total Selling and Marketing expenses for the year ended December 31, 2005 amounted \$3,887,000 which are 25% of total Sales revenues, as compared with \$3,404,000 which were 27% of total Sales revenues for the year in 2004. The improvement in these ratios is mainly attributed to the increase of sales revenues.

General and Administrative Expenses - General and Administration expenses include mainly salaries, professional services, rental, maintenance and various provisions. Total General and Administrative expenses for the year ended December 31, 2005 were \$2,064,000 which are 13% of the total Sales, as compared to \$1,895,000, which were 15% of total Sales for FY 2004.

Other Income, Net - Other income, net is attributed to Capital gain resulting from sales of OIS shares, issuance of shares by the company's subsidiary to the Laurus fund, related to the financing agreement signed on September 30, 2003 deducted by other expenses in connection with previous years' issues. During 2005 the Company sold 710,000 of OIS's Common Stock for the consideration of approximately \$919,000 (net of expenses of \$10,500), the associated capital gain for this transaction amounted to \$522,000, as compared to capital gain of \$979,000 from the sale of approximately 8.6% of the Company holdings in OIS for the year of 2004. The decrease in capital gain constitutes the main variance in Other Income as compared with the equivalent reported periods in 2004.

Minority Interest - Minority interest for the year ended December 31, 2005 is attributed mainly to the part of OIS minority shareholders in the profits of OIS which amounted to \$443,000. In addition \$38,000 are attributed to the minority shareholders of CCS Pawlowski GmbH, the company's German subsidiary.

Balance Sheet Information

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Assets		
Current Assets		
Cash and cash equivalents	5,005	2,311
Restricted cash	150	150
Trade receivables, net	3,201	2,395
Other accounts receivable and prepaid expenses	427	227
Inventories	642	945
Total Current Assets	<u>9,425</u>	<u>6,028</u>
Property and Equipment, net	218	284
Deferred Tax Asset	1,124	1,029
Goodwill and Other Assets	3,712	4,125
Total Assets	<u><u>14,479</u></u>	<u><u>11,466</u></u>
Liabilities and Equity		
Current Liabilities		
Short-term credit and current maturities	1,525	1,913
Trade payables	738	592
Other accounts payable and accrued expenses	4,368	3,683
Total Current liabilities	<u>6,631</u>	<u>6,188</u>
Long-Term Liabilities		
Long-term loans, net of current maturities	1,996	1,506
Other Liabilities	157	144
Total long-term liabilities	<u>2,153</u>	<u>1,650</u>
Total liabilities	<u>8,784</u>	<u>7,838</u>
Equity		
Share Capital	165	165
Additional paid-in capital	8,506	8,391
Capital reserve	(311)	(311)
Accumulated deficit	(4,346)	(5,389)
	<u>4,014</u>	<u>2,856</u>
Minority interest	1,681	772
Total Equity	<u>5,695</u>	<u>3,628</u>
Total liabilities and equity	<u><u>14,479</u></u>	<u><u>11,466</u></u>

Cash and working capital - During the year ended December 31, 2005 cash and cash equivalent were increased by \$2,694,000 resulting mainly from cash provided from operations, sales of OIS shares held by the Company and from the receipt of a new long term loan net of repayments of long term loans.

Long-term debt - Long-term debt during the year ended December 31, 2005 was increased from \$1,650,000 to \$2,153,000 due to the receipt of a new long term loan net of repayment of existing long-term loans.

Total equity - During the year ended December 31, 2005, total equity was increased by \$2,067,000 or 57% reaching \$5,695,000.

About MediVision - MediVision specializes in digital imaging devices for medical 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 has significant market share and is a market leader in the ophthalmic digital imaging field. As of the balance sheet date, the Company owns 59% interest in Ophthalmic Imaging Systems Inc. based in Sacramento, California, USA and 63% interest in CCS Pawlowski GmbH based in Jena, Germany.

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.

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