



Press Release

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FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for FY2006 **Revenues grew 13% to \$17.4M compared to FY2005**

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. ("MediVision", EURO.NM: MEDV) released today (March 26, 2006) information concerning its operations and financial results for the year ended December 31, 2006. MediVision Revenues for the year ended December 31, 2006 aggregated to \$17,439,000 compared to revenues of \$15,386,000 for the comparable periods of 2005, reflecting an increase of 13%.

Noam Allon, President & CEO of MediVision commented: "During the year we continued to present a steady increase in revenues compared to last year. This is a result of our strong position in the two leading markets, the USA and Germany. As a result of revenue growth our balance sheet has improved significantly - Total Equity has grown by 65% from \$5.7M to \$9.4M". Mr. Allon added: "We continue our significant developing efforts of new innovative Digital Imaging Products which the company expects to release in the future; consequently, the R&D expenses during 2006 rose by 35% to \$2.1M. We are excited by the potential we see in the market for an expanded line of offerings which is expected to be the outcome of the increased R&D investments."

Highlights of the year ended December 31, 2006

Development costs - In the year ended December 31, 2006, the Company recognized development costs in the amount of \$1,424,000 as an intangible asset in accordance with the criteria for recognition as set forth in IAS 38 "Intangible Assets".

Sale of OIS shares - During the period the Company sold 1M of OIS's Common Stock to Wasatch Advisors, Inc. at a price per share of \$1.80. The net consideration received from the sales of these shares amounted to \$1,772,000 (net of expenses of \$28,000), and the Company recorded a capital gain of \$1,149,000. The Company also recorded a gain of \$377,000 from the issuance of shares by OIS upon conversion of a note. The gain is included in other income. As a result of the foregoing transactions, the Company currently owns approximately 58% of OIS's outstanding common stock.

Receipt of a \$750,000 long term loan - During the reported year, the Company received a long term loan from United Mizrahi Bank Ltd. in the amount of \$750,000. The loan will be paid in eighteen monthly installments, commencing on November 1, 2007, under certain conditions set forth in the loan agreement.

Subsequent events to Balance Sheet date

Belgium Branch - As of Mid March 2007, the Company opened a Branch office in Belgium for selling and servicing its products in the Belgian market, and supporting the sales activity in the French market.

Claims - The Company received a letter from a subcontractor claiming an amount of approximately \$560,000 and partnership in know how in an R&D project. Subsequent to balance sheet date, the claims regarding these matters were filed by the other company in a court of law in Israel. According to management opinion, based on the opinion of its legal advisors, at this stage the outcome of those claims can not be predicted.

Information in regards to the Financial Situation for the year ending December 31, 2006
CONSOLIDATED STATEMENTS OF OPERATIONS (U.S. Dollars in thousands, except per share data)

	Year ended December 31,	
	2006	2005
Sales	17,439	15,386
Cost of sales	7,257	6,459
Gross profit	10,182	8,927
Operating expenses:		
Research and development expenses, net	2,088	1,548
Selling and marketing expenses	4,436	3,887
General and administrative expenses	2,435	2,064
Total operating expenses	8,959	7,499
Operating income	1,223	1,428
Financial expenses, net	149	465
Profit for the year before other income	1,074	963
Other income, net	1,508	574
Profit for the year before taxes on income	2,582	1,537
Tax benefit (expenses)	(16)	(13)
Net Profit for the year	2,566	1,524
Attributed to:		
Equity holders of the parent	1,623	1,043
Minority interest	943	481
	2,566	1,524
Basic earnings per share (in Dollars)	0.24	0.15
Diluted earnings per share (in Dollars)	0.21	0.13

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, 2006 aggregated to \$17,439,000 compared to sales of \$15,386,000 for the comparable periods of 2005, reflecting an increase of 13%.

Gross Profit - Gross profit for the year ended December 31, 2006 were \$10,182,000 or 58% of sales revenues, as compared with \$8,927,000 which were 58% of sales revenues for the comparable periods of 2005.

Research and Development Expenses - Net R&D expenses for the year ended December 31, 2006 amounted to \$2,088,000 or 12% of Sales revenues accordingly. The total R&D expenses in 2005 were \$1,548,000 or 10% of Sales revenues in 2005. During the reported period, the Company recognized development costs in the amount of \$1,424,000 as an intangible asset in accordance with the criteria for recognition as set forth in IAS 38 "Intangible Assets". The increase in R&D expenses for year ended December 31, 2006 is 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, 2006 amounted \$4,436,000 which are 25% of total Sales revenues, as compared with \$3,887,000 which were 25% of total Sales revenues for the comparable period in 2005.

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, 2006 were \$2,435,000 which are 14% of the total Sales, as compared to \$2,064,000, which were 13% of total Sales for the comparable period of 2005.

Other Income, Net - During of the year ended December 31, 2006 the Company sold 1,000,000 of OIS's Common Stock for the consideration of approximately \$1,772,000 (net of expenses of \$28,000). The associated capital gain for this transaction amounted to \$1,149,000. The Company

also recorded a gain of \$377,000 from the issuance of shares by OIS upon conversion of a note and option exercise.

Minority Interest - Minority interest for the year ended December 31, 2006 is attributed mainly to the part of OIS minority shareholders in the profits of OIS which amounted to \$907,000. In addition \$36,000 are attributed to the minority shareholders of CCS Pawlowski GmbH, the company's German subsidiary.

Balance Sheet Information

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Assets		
Current Assets		
Cash and cash equivalents	6,719	5,005
Restricted cash	160	150
Trade receivables, net	3,486	3,201
Other accounts receivable and prepaid expenses	279	427
Inventories	1,085	642
Total Current Assets	<u>11,729</u>	<u>9,425</u>
Property and Equipment, net	506	218
Deferred Tax Asset	1,172	1,124
Goodwill and Other Assets	4,721	3,712
Total Assets	<u><u>18,128</u></u>	<u><u>14,479</u></u>
Liabilities and Equity		
Current Liabilities		
Short-term credit and current maturities	1,316	1,525
Trade payables	1,611	738
Other accounts payable and accrued expenses	4,395	4,368
Total Current liabilities	<u>7,322</u>	<u>6,631</u>
Long-Term Liabilities		
Long-term loans, net of current maturities	1,206	1,996
Other Liabilities	201	157
Total long-term liabilities	<u>1,407</u>	<u>2,153</u>
Total liabilities	<u>8,729</u>	<u>8,784</u>
Equity		
Share Capital	165	165
Additional paid-in capital	8,563	8,506
Capital reserve	(311)	(311)
Accumulated deficit	(2,723)	(4,346)
	<u>5,694</u>	<u>4,014</u>
Minority interest	3,705	1,681
Total Equity	<u>9,399</u>	<u>5,695</u>
Total liabilities and equity	<u><u>18,128</u></u>	<u><u>14,479</u></u>

Cash and working capital - During the year ended December 31, 2006 cash and cash equivalent were increased by \$1,714,000 resulting mainly from cash provided from the sales of OIS shares held by the Company and cash provided by operating activity.

Long-term debt - Long-term debt during the year ended December 31, 2006 was decreased from \$2,153,000 to \$1,407,000 due to repayment of existing long-term loans and conversion of a note in OIS.

Total equity - During the year ended December 31, 2006, total equity was increased by \$3,704,000 or 65% reaching \$9,399,000.

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 58% 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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