



Press Release

MediVision Medical Imaging Ltd.

☎ + (972) 4-989-4884

☎ + (972) 4-989-4883

✉ P.O. Box 45, Yokneam Elit Kenyon Drachim 20692, Israel

✉ ariel@medivision-ois.com

FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the Period ended March 31, 2004

Company recorded \$2.5M in revenues and \$71K net income for the period

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (May12, 2004) information concerning its operations and the financial results for period ended March 31, 2004.

MediVision has recorded a net profit of \$71,000 for the period ended March 31, 2004 as compared to \$31,000 for the comparable quarter in the previous year, reflecting an improvement of 129%.

The EBITDA for the period ended March 31, 2004 was \$197,000, an improvement of 13%, as compared with \$174,000 for the comparable period ended March 31, 2003.

Subsequent to the balance date ,OIS the American subsidiary of the Company, raised \$1 million from Laurus fund, who specializes in providing financing for small and medium size companies.

Noam Allon, President and CEO of MediVision said: "As part of our strategic plan for 2004, we are focusing considerable sales and marketing efforts on the launch of our informatics business in the US market. Our decision to concentrate our efforts on the informatics product line, which has a longer sales cycle, impacted this quarter's revenue growth, but we expect to see the positive results of our efforts later this year." Mr. Allon added: "It is the second time that we cooperate with Laurus in bringing funds to the company. We plan to use the new proceeds in implementing our near term growth strategy."

Highlights of the Period ended December 31, 2003:

Net profit – Following the achievement of previous year, in which the Company showed net profit of approximately \$472,000. The first quarter of 2004 was ended with a net profit of approximately \$71,000 and demonstrated again the on going improvement of the Company.

Funds raising by OIS – Following the balance sheet date, the Company's American subsidiary, OIS has issued a secured convertible note to Laurus Master Fund, Ltd. ("Laurus Funds"), a financial institution that specializes in providing financing solutions to small and mid capitalization companies. Laurus Funds provided the Company with a \$1.0 million three-year convertible note with a fixed coupon price of 6.5% per annum. The convertible note may be converted by Laurus Funds into the Company's common stock at a fixed conversion price of \$1.22, which is equal to 105% of the average closing price for the last three trading days prior to the closing. The Company also issued a five-year warrant to Laurus Funds to purchase 313,000 shares of the Company's common stock at exercise prices ranging between \$1.40 and \$1.83 per share.

Information in regard to the Financial Situation for the period ending March 31, 2004

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

	Period ended March 31,	
	2004	2003
Sales	2,498	2,546
Cost of sales	969	1,047
Gross profit	1,529	1,499
Operating expenses:		
Research and development expenses, net	236	150
Selling and marketing expenses	781	716
General and administrative expenses	408	535
Total operating expenses	1,425	1,401
Operating income	104	98
Financial expenses, net	59	67
	45	31
Other income, net	60	-
Net profit for the period before minority interests	105	31
Minority interests	34	-
Net Profit	71	31
Basic income per share (in U.S. Dollars)	0.010	0.005

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

Sales

The consolidated Sales for the period ended March 31, 2004 aggregated to \$2,498,000 as compared to \$2,546,000 for the comparable period of 2003, reflecting a decrease of 2%. During the period ended March 31, 2004, 89% of the Company's Sales were in the U.S.A. and 11% were in Europe.

Gross profit

Gross profit for period ended March 31, 2004 is \$1,529,000 which is 61% of sales revenues, as compared with \$1,499,000, which was 59% of sales revenues for the comparable period of 2003.

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 period ended March 31, 2004 amounted to \$236,000 or 9% of Sales revenues. The net R&D expenses in the previous comparable period were \$150,000, after deduction of \$ 80,000 participation by the BIRD-F in R&D expenses related to the CGLT project. The R&D expenses for the period ended March 31, 2004 are 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 period ended March 31, 2004 were \$781,000, which are 31% of total Sales revenues, as compared to \$716,000, which were 28% of total Sales revenues during the parallel period of the previous year. The increase in Selling and Marketing expenses is attributed mainly to the introduction efforts of the Informatics product line. .

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 period ended March 31, 2004 were \$408,000, which are 16% of the total Sales, as compared to \$535,000, which were 21% of the total Sales during parallel period of 2003. 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.

Other Income, Net

Other income, net is attributed to a Capital gain profit resulting from issuance of shares by the company's subsidiary to the Laurus fund, related to the financing agreement signed on September 30, 2003.

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 has significant market share and is a market leader in the ophthalmic digital imaging field.

The company owns 84% 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

For more information, please contact:

Ariel Shenhar

MediVision Medical Imaging Ltd.

Vice President, Chief Financial Officer

Tel. ++972-4-9894884

Fax ++972-4-9894883

ariel@medivision-ois.com