



Press Release

MediVision Medical Imaging Ltd.

☎ + (972) 4-989-4884

☎ + (972) 4-989-4883

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

✉ noam@medivision-ois.com

FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the period ended March 31, 2005
Quarterly Revenues grew 25% to \$3.1M; EBITDA grew 59% to \$0.3M

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (May 18, 2005) information concerning its operations and financial results for the period ended March 31, 2005.

MediVision Revenues for three months period ended March 31, 2005 aggregated to \$3,117,000 compared to revenues of \$2,498,000 for the comparable quarter of 2004, reflecting an increase of 25%. During the period ended March 31, 2005, 82% of the Company's revenues were generated in the U.S.A. and 18% were generated in the European and Domestic markets.

Net Profit for the quarter increased by approximately 32% to \$94,000, or \$0.014 per basic and diluted share, compared with Net Profit of \$71,000, or \$0.01 per basic and diluted share, for the parallel quarter of 2004.

The EBITDA for first quarter of 2005 was \$ 313,000, an improvement of 59% as compared with \$197,000 for the comparable quarter of 2004.

Noam Allon, President and CEO of MediVision commented: "We are pleased with our Q1 2005 results and the significant increase in revenues during this period. This increase stems from the substantial growth of our revenues in Europe culminating our efforts to augment our position in this market. The revenues increase also reflects the continuation of growth by OIS, our US subsidiary, which have recorded during the first quarter of 2005 its first meaningful revenues from the Ophthalmology Office™ new IT product line".

Mr. Allon added: " We are also very satisfied from the fact that our EBITDA has improved significantly reflecting the improvement in all the financial parameters of our operations".

Highlights of the period ended March 31, 2005:

Implementation of New accounting policies - During the three months period ended March 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 hereinafter.

Information in regard to the Financial Situation for the three months period ending March 31, 2005

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

	Period ended March 31,	
	2005	2004
Sales	3,117	2,498
Cost of sales	1,243	969
Gross profit	1,874	1,529
Operating expenses:		
Research and development expenses, net	305	236
Selling and marketing expenses	833	781
General and administrative expenses	466	408
Total operating expenses	1,604	1,425
Operating income	270	104
Financial expenses, net	75	59
Net income before Tax and other income	195	45
Other income, net	10	60
Net profit before taxes on income	205	105
Taxes on Income	14	-
Net Profit	191	105
Attributable to:		
Equity holders of the company	94	71
Minority interests	97	34
Total net profit	191	105
Basic income per share (in U.S. Dollars)	0.014	0.010
Diluted earnings per share (in US Dollars)	0.014	0.010

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

Sales - The consolidated Sales for the first quarter ended March 31, 2005 aggregated to \$3,117,000 and as compared to sales of \$2,498,000 for the comparable quarter of 2004, reflecting an increase of 25%. During the 3 months ended March 31, 2005, 82% of the Company's Sales were generated in the U.S. and 18% were generated in European and Domestic markets. This represents the beginning of a shift from our traditional distribution of sales, which results from our focused sales efforts in Europe in general and mainly from the establishment of our own subsidiary company in Germany during the second half of 2004.

Gross Profit - Gross profit for the three months periods ended March 31, 2005 were \$1,874,000, or 60% of sales revenues, as compared with \$1,529,000 or 61% of sales revenues for the comparable period of 2004. This slight change in percentage stems predominantly from a change in product mix.

Research and Development Expenses - Total R&D expenses for the three months period ended March 31, 2005 amounted to \$305,000 or 10% of Sales revenues. The net R&D expenses in the previous comparable period was \$236,000 or 9% of Sales revenues for the parallel period in 2004. The R&D expenses for three months period ended March 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 first quarter of 2005 was \$833,000 which are 28% of total Sales revenues, as compared to \$781,000 which were 31% of total Sales revenues during the parallel period 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 three months period ended March 31, 2005 were \$466,000, which were 15% of the total Sales, as compared to \$408,000, which were 16% of the total Sales during parallel period of 2004.

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

Minority Interest - Minority interest for the three months period ended March 31, 2005 is attributed mainly to the part of OIS minority shareholders in the profits of OIS which amounted to \$88,000. In addition \$9,000 is attributed to the minority shareholders of CCS Pawlowski GmbH, the company's German subsidiary.

Balance Sheet Information

	<u>March 31, 2005</u>	<u>December 31, 2004</u>
Assets		
Current Assets		
Cash and cash equivalents	2,426	2,311
Restricted cash	150	150
Trade receivables, net	1,940	2,395
Other accounts receivable and prepaid expenses	264	227
Inventories	945	945
Total Current Assets	<u>5,725</u>	<u>6,028</u>
Property and Equipment	266	284
Deferred Tax Asset	1,029	1,029
Goodwill and Other Assets	<u>4,102</u>	<u>4,125</u>
Total Assets	<u><u>11,122</u></u>	<u><u>11,466</u></u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term credit	1,622	1,913
Trade payables	704	592
Other accounts payable and accrued expenses	3,520	3,683
Total Current liabilities	<u>5,846</u>	<u>6,188</u>
Long-Term Liabilities		
Long-term loans, net of current maturities	1,278	1,506
Accrued severance pay	160	144
Total long-term liabilities	<u>1,438</u>	<u>1,650</u>
Total liabilities	<u>7,284</u>	<u>7,838</u>
Shares' Equity		
Share Capital	165	165
Additional paid-in capital	8,391	8,391
Capital reserve	(311)	(311)
Accumulated deficit	(5,288)	(5,389)
	<u>2,957</u>	<u>2,856</u>
Minority interest	881	772
Total shareholders' equity	<u>3,838</u>	<u>3,628</u>
Total liabilities and shareholders' equity	<u><u>11,122</u></u>	<u><u>11,466</u></u>

Cash and working capital - During the three months period ended March 31, 2005 cash and cash equivalent were increased by \$115,000 resulting mainly from cash provided from operations.

Long-term debt - Long-term debt during the three months period ended March 31, 2005 was reduced from \$1,650,000 to \$1,438,000 due to repayment of long-term loans.

Total shareholders equity - During the three months period ended March 31, 2005, total shareholders equity was increased by \$210,000 or 5.8% reaching \$3,838,000. During the last twelve months total shareholders equity was increased by \$2,835,000 as compared to total shareholders equity of \$ 1,003,000 on March 31, 2004.

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 73% interest in Ophthalmic Imaging Systems Inc. based in Sacramento, California, USA. The Company holds 54% 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.

End of message

For more information, please contact:

Noam Allon

MediVision Medical Imaging Ltd.

President, Chief Executive Officer

Tel. +972-4-9894884

Fax +972-4-9894883

noam@medivision-ois.com