



Press Release

MediVision Medical Imaging Ltd.

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FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the Period ended June 30, 2004

***Company recorded \$5.07M in revenues and \$1.17M net income for the period
Company recorded capital gain of \$1.16M***

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (August 11, 2004) information concerning its operations and the financial results for period ended June 30, 2004.

MediVision has recorded a net profit of \$1,169,000 and \$1,098,000 for the six and three months period ended June 30, 2004 as compared to \$63,000 and \$32,000 for the comparable periods in the previous year. This net profit includes capital gain from sales of common stock of the US subsidiary OIS.

The EBITDA for the six months period ended June 30, 2004 was \$438,000, an improvement of 4%, as compared with \$421,000 for the comparable period ended June 30, 2003.

Noam Allon, President and CEO of MediVision commented: "We are pleased from the one time capital gain, which we have recorded in the second quarter of the year generated through the sale of some of our holdings in OIS. This reflects our contribution to the value increase in OIS since the time we have gained majority holding in that company. The sale of shares is part of capital raising activities focused on strategic growth. The funds will provide us with additional working capital to support our business expansion through mergers and acquisitions."

Highlights of the Period ended June 30, 2004:

Sales of OIS stock – During the six months period the Company sold a total amount of 1,050,000 shares of its US subsidiary – OIS, in consideration of \$ 1,432,500. Consequently the Company reduced its holdings to 75% of the common stock of OIS.

Capital gain profit – During the six months period the Company recorded a Capital gain profit of approximately \$1,160,000 of which approximately \$1,100,000 incurred in the second quarter of 2004. The capital gain profit results mainly from the sale of 8.6% of its holdings in OIS common stock and also from the issuance of shares by OIS to Laurus Fund related to the financing agreement signed on September 30, 2003.

Information in regard to the Financial Situation for the period ending June 30, 2004

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

	For the six months Ended June 30,		For the three months ended June 30,	
	2004	2003	2004	2003
	Unaudited			
Sales	5,065	5,115	2,567	2,570
Cost of sales	1,957	2,092	988	1,046
Gross profit	3,108	3,023	1,579	1,524
Operating expenses:				
Research and development costs, net	455	366	219	215
Selling and marketing expenses	1,586	1,501	805	785
General and administrative expenses	816	892	408	358
Total operating expenses	2,857	2,759	1,432	1,358
Operating income	251	264	147	166
Financial expenses, net	160	203	101	138
	91	61	46	28
Other income, net	1,160	5	1,100	7
Income for the period before taxes on income	1,251	66	1,146	35
Taxes on Income	-	(3)	-	(3)
Net profit for the period before minority interests	1,251	63	1,146	32
Minority interests	82	-	48	-
Income for the period	1,169	63	1,098	32
Income per share (in U.S. Dollars)	0.172	0.009	0.161	0.005

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

Sales

The consolidated Sales for the six and three months period ended June 30, 2004 aggregated to \$5,065,000 and \$2,567,000 as compared to sales of \$5,115,000 and \$2,570,000 for the comparable periods of 2003, reflecting a decrease of 1%. During the period ended June 30, 2004, 89% of the Company's Sales were in the U.S.A. and 11% were in Europe.

Gross profit

Gross profit for six and three months period end June 30, 2004 were \$3,108,000 and \$1,579,000 which are 61% and 62% of sales revenues, as compared with \$3,023,000 and \$1,524,000 which were 59% and 59% of sales revenues for the comparable periods 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 the six and three months period ended June 30, 2004 amounted to \$455,000 and \$219,000 or 9% of Sales revenues. The net R&D expenses in the previous comparable periods were \$366,000 and \$215,000, after deduction of \$ 113,000 and \$33,000 participation by the BIRD-F in R&D expenses related to the CGLT project. The R&D expenses for the period ended June 30, 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 six and three months period ended June 30, 2004 were \$1,586,000 and \$805,000, which are 31% of total Sales revenues, as compared to \$1,501,000, and \$785,00 which were 29% and 31% 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 salaries, professional services, rental, maintenance and various provisions. Total General and Administrative expenses for the six and three months period ended June 30, 2004 were \$816,000 and \$408,000, which are 16% of the total Sales, as compared to \$892,000 and \$358,000, which were 17% and 14% of the total Sales during parallel period of 2003.

Other Income, Net

Other income, net is attributed to Capital gain resulting from sales of OIS shares and 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 75% 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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