



Press Release

MediVision Medical Imaging Ltd.

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FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the period ended June 30, 2005
Quarterly Revenues grew 33% to \$3.4M; EBITDA grew 57% to \$0.4M
Half year Revenues grew 29% to \$6.5M; EBITDA grew 58% to \$0.7M

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (August 15, 2005) information concerning its operations and financial results for the three and six month periods ended June 30, 2005.

MediVision Revenues for the three and six month periods ended June 30, 2005 aggregated to \$3,408,000 and \$6,525,000 compared to revenues of \$2,567,000 and \$5,065,000 for the comparable periods of 2004, reflecting an increase of 33% and 29% accordingly.

The EBITDA for the three and six month periods of 2005 were \$378,000 and \$ 691,000, an improvement of 57% and 58% as compared with \$241,000 and \$438,000 for the comparable periods of 2004.

During the period ended June 30, 2005, 82% of the Company's revenues were generated in the US and 18% were generated in Europe and other markets.

Noam Allon, President and CEO of MediVision commented: "Consistently, we are very pleased with the company results: The significant growth in sales from \$5M to \$6.5M during the first half of 2005 compared with 2004 and the reduction of operational costs of Selling & Marketing from 31% down to 25% of Sales and General & Administrative costs from 16% down to 14% of Sales in the recent period are noteworthy. The increase in sales of our European business as well as the increase in sales of the Ophthalmology Office™ product-line in the US market were the main contributors to our overall sales growth. This trend and the growing investment in Research & Development, which rose to \$733K in the first half of 2005, compared with \$455K in the first half 2004, represent significant growth-engines for our global expansion."

Highlights of the period ended June 30, 2005:

Additional holdings in CCS – subsequent to the balance sheet date, 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 stage and it has 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.

Receipt of a \$2,000,000 long term loan - subsequent to the balance sheet date, 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 three and six month periods ended June 30, 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.

Personal changes – During the term of this report, Mr. Gabi Buganim, MediVision Controller was promoted to the position of Financial Manager of the company, reporting to the CEO. Mr. Ariel Shenhar, former CFO, served the Company successfully as CFO since 1995 and continues to serve as CFO of OIS, MediVision's US subsidiary. .

Information in regard to the Financial Situation for the three and six month period ending June 30, 2005

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,	
	2005	2004	2005	2005
	Unaudited			
Sales	6,525	5,065	3,408	2,567
Cost of Sales	2,680	1,957	1,437	988
Gross Profit	3,845	3,108	1,971	1,579
Operating expenses:				
Research and Development costs	733	455	428	219
Selling and Marketing expenses	1,628	1,586	795	805
General and Administrative expenses	926	816	460	408
Total operating expenses	3,287	2,857	1,683	1,432
Operating income	558	251	288	147
Financial expenses, net	156	160	81	101
Profit for the period before Other Income	402	91	207	46
Other Income, net	36	1,160	26	1,100
Profit for the period before taxes on Income	438	1,251	233	1,146
Taxes on Income	27	-	13	-
Net Profit for the period	411	1,251	220	1,146
Attributed to:				
Equity holders of the parent	234	1,169	140	1,098
Minority interests	177	82	80	48
	411	1,251	220	1,146
Basic and diluted earnings per share (in U.S. Dollars)	0.03	0.20	0.02	0.20

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

Sales - The consolidated Sales for the three and six month periods ended June 30, 2005 aggregated to \$3,408,000 and \$6,525,000, as compared to sales of \$2,567,000 and \$5,065,000 for the comparable periods of 2004, reflecting an increase of 33% and 29% accordingly. During the six months ended June 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 89% of Company's sales in the U.S. and 11% in Europe during the comparable period in 2004. 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 the acquisition of a majority held subsidiary in Germany during the second half of 2004.

Gross Profit - Gross profit for the three and six month periods ended June 30, 2005 were \$1,971,000 and \$3,845,000, or 58% and 59% of sales revenues respectively, as compared with \$1,579,000 and \$3,108,000 which were 62% and 61% of sales revenues for the comparable periods of 2004. This change in percentage stems predominantly from changes in product mix.

Research and Development Expenses - Total R&D expenses for the six and three months periods ended June 30, 2005 amounted to \$428,000 and \$733,000 or 13% and 11% of Sales revenues respectively. The net R&D expenses in the previous comparable periods were \$219,000 and \$455,000 or 9% of Sales revenues in both periods, for the parallel periods in 2004 accordingly. The R&D expenses for three and six month periods ended June 30, 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 second quarter and first half of 2005 amounted \$795,000 and \$1,628,000 which are 23% and 25% of total Sales revenues, as compared with \$805,000 and \$1,586,000 which were 31% of total Sales revenues in both periods during the parallel periods 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 and six month periods ended June 30, 2005 were \$460,000 and \$926,000 which are 13% and 14% of the total Sales respectively, as compared to \$408,000 and \$816,000, which were 16% in both periods of the total Sales during parallel periods 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. During the parallel periods in 2004, the Company recorded a capital gain at the amount of \$979,000 from the sale of

approximately 8% of its holdings in OIS. This capital gain constitutes the main variance in Other Income as compared with the equivalent reported periods in 2005.

Minority Interest - Minority interest for the three and six months periods ended June 30, 2005 which amounted to \$80,000 and \$177,000 respectively is attributed mainly to the part of OIS minority shareholders in the profits of OIS and to the minority shareholders of CCS Pawlowski GmbH, the company's German subsidiary.

Balance Sheet Information

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Assets		
Current Assets		
Cash and cash equivalents	2,474	2,311
Restricted cash	150	150
Trade receivables, net	2,194	2,395
Other accounts receivable and prepaid expenses	361	227
Inventories	663	945
Total Current Assets	<u>5,842</u>	<u>6,028</u>
Property and Equipment, net	245	284
Deferred Tax Asset	1,029	1,029
Goodwill and Other Assets	4,026	4,125
Total Assets	<u><u>11,142</u></u>	<u><u>11,466</u></u>
Liabilities and Equity		
Current Liabilities		
Short-term credit	1,400	1,913
Trade payables	463	592
Other accounts payable and accrued expenses	3,825	3,683
Total Current liabilities	<u>5,688</u>	<u>6,188</u>
Long-Term Liabilities		
Long-term loans, net of current maturities	1,201	1,506
Accrued severance pay	153	144
Total long-term liabilities	<u>1,354</u>	<u>1,650</u>
Total liabilities	<u><u>7,042</u></u>	<u><u>7,838</u></u>
Equity		
Share Capital	165	165
Additional paid-in capital	8,405	8,391
Capital reserve	(311)	(311)
Accumulated deficit	(5,155)	(5,389)
	<u>3,104</u>	<u>2,856</u>
Minority interest	996	772
Total Equity	<u>4,100</u>	<u>3,628</u>
Total liabilities and equity	<u><u>11,142</u></u>	<u><u>11,466</u></u>

Cash and working capital - During the six months period ended June 30, 2005 cash and cash equivalent were increased by \$163,000 resulting mainly from cash provided from operations.

Long-term debt - Long-term debt during the six months period ended June 30, 2005 was reduced from \$1,650,000 to \$1,354,000 due to repayment of long-term loans.

Total equity - During the six months period ended June 30, 2005, total equity was increased by \$472,000 or 13% reaching \$4,100,000. During the last twelve months total equity was increased by \$2,060,000 as compared to total shareholders equity of \$ 2,040,000 on June 30, 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 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.

End of message

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