



Press Release

MediVision Medical Imaging Ltd.

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FOR IMMEDIATE RELEASE

MediVision Presents Management's Report for the Period ended June 30, 2007 **Revenues grew 4% to \$8.4M in the first half of 2007**

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. ("MediVision", EURO.NM: MEDV) released today (August 27, 2007) information concerning its operations and financial results for the period ended June 30, 2007. MediVision Revenues for the three and six months periods ended June 30, 2007 aggregated to \$3,855,000 and \$8,444,000 compared to revenues of \$4,116,000 and \$8,149,000 for the comparable periods of 2006, reflecting an increase of 4% for the six months period and a decrease of 6% for the second quarter.

Noam Allon, President & CEO of MediVision commented: "During the second quarter, the Company experienced steady sales for its digital imaging equipment business. However, the impact of two large contracts over the second and third quarters of 2006 offset potential sales growth in the second quarter. The company remains committed to improving and expanding its digital imaging and information technology product lines and continues to invest significant amounts in that direction to keep it's leading position in the market in various territories."

Highlights of the period ended June 30, 2007

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.

Development costs - In the six months period ended June 30, 2007, the Company recognized development costs in the amount of \$682,000 as an intangible asset in accordance with the criteria for recognition as set forth in IAS 38 "Intangible Assets". Therefore gross R&D spending for the period totaled \$1,498,000.

Receipt of a \$500,000 long term loan - During the reported quarter, the Company received a long term loan from United Mizrahi Bank Ltd. in the amount of \$500,000. The loan will be paid in eighteen monthly installments, commencing on April 2008, under certain conditions set forth in the loan agreement.

Information in regards to the Financial Situation for the three and six months ending June 30, 2007

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

	For the six months Ended June 30,		For the three months ended June 30,	
	2007	2006	2007	2006
	Unaudited			
Sales	8,444	8,149	3,855	4,116
Cost of Sales	3,610	3,537	1,711	1,795
Gross Profit	4,834	4,612	2,144	2,321
Operating expenses:				
Research and Development costs	816	1,190	382	435
Selling and Marketing expenses	2,033	1,939	975	954
General and Administrative expenses	1,316	1,125	629	600
Total operating expenses	4,165	4,254	1,986	1,989
Operating income	669	358	158	332
Financial expenses (income), net	23	133	(11)	55
Profit for the period before Other Income	646	225	169	277
Other Income (expenses), net	(75)	1,347	(61)	12
Profit for the period before taxes on Income	571	1,572	108	289
Taxes on Income	69	9	55	9
Net Profit for the period	502	1,563	53	280
Attributed to:				
Equity holders of the parent	79	1,158	(92)	52
Minority interests	423	405	145	228
	502	1,563	53	280
Basic earnings (loss) per share (in U.S. Dollars)	0.02	0.16	(0.14)	0.00
Diluted earnings (loss) per share (in U.S. Dollars)	0.01	0.16	(0.14)	0.00

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 months periods ended June 30, 2007 aggregated to \$3,855,000 and \$8,444,000 compared to sales of \$4,116,000 and \$8,149,000 for the comparable periods of 2006, reflecting a decrease of 6% and an increase of 4% accordingly.

Gross Profit - Gross profit for the three and six months periods ended June 30, 2007 were \$2,144,000 and \$4,834,000 or 56% and 57% of sales revenues, as compared with \$2,321,000 and \$4,612,000 which were 56% and 57% of sales revenues for the comparable periods of 2006.

Research and Development Expenses - Net R&D expenses for the three and six months ended June 30, 2007 amounted to \$382,000 and \$816,000 or 10% and 10% of Sales revenues. During the reported period, the Company recognized development costs in the amount of \$682,000 as an intangible asset in accordance with the criteria for recognition as set forth in IAS 38 "Intangible Assets". The total R&D spending during the period was \$1,498,000 or 17.7% of Sales revenues compared to \$1,518,000 or 18.6% of Sales revenues in the first half 2006.

Selling and Marketing Expenses - Total Selling and Marketing expenses for the three and six months ended June 30, 2007 amounted \$975,000 and \$2,033,000 which are 25% and 24% of total Sales revenues, as compared with \$954,000 and \$1,939,000 which were 23% and 24% of total Sales revenues for the comparable periods in 2006.

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 three and six months ended June 30, 2007 were \$629,000 and \$1,316,000 which are 16% of the total Sales in both periods, as compared to \$600,000 and \$1,125,000, which were 15% and 14% of total Sales for the comparable periods of 2006.

Other Income (expenses), Net – During the three and six months periods the Company recorded other expenses associated with Capital losses from the exercise of Options by the minority shareholders of the Company's American subsidiary. During of the equivalent period of 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 during the comparable period (first quarter of 2006) a gain of \$226,000 from the issuance of shares by OIS upon conversion of a note.

Minority Interest - Minority interest for the three and six months periods ended June 30, 2007 are attributed mainly to the part of OIS minority shareholders in the profits of OIS. In addition part of the minority interest is attributed to the minority shareholders of CCS Pawlowski GmbH, the company's German subsidiary.

Balance Sheet Information

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Assets		
Current Assets		
Cash and cash equivalents	6,309	6,719
Restricted cash	164	160
Trade receivables, net	3,617	3,486
Other accounts receivable and prepaid expenses	209	279
Inventories	1,137	1,085
Total Current Assets	<u>11,436</u>	<u>11,729</u>
Property and Equipment, net	555	506
Deferred Tax Asset	1,340	1,172
Goodwill and Other Assets	5,472	4,721
Total Assets	<u><u>18,803</u></u>	<u><u>18,128</u></u>
Liabilities and Equity		
Current Liabilities		
Short-term credit and current maturities	1,067	1,316
Trade payables	1,557	1,611
Other accounts payable and accrued expenses	4,352	4,395
Total Current liabilities	<u>6,976</u>	<u>7,322</u>
Long-Term Liabilities		
Long-term loans, net of current maturities	1,444	1,206
Other Liabilities	212	201
Total long-term liabilities	<u>1,656</u>	<u>1,407</u>
Total liabilities	<u>8,632</u>	<u>8,729</u>
Equity		
Share Capital	165	165
Additional paid-in capital	8,607	8,563
Foreign currency translation differences	35	-
Capital reserve	(311)	(311)
Accumulated deficit	(2,644)	(2,723)
	<u>5,852</u>	<u>5,694</u>
Minority interest	4,319	3,705
Total Equity	<u>10,171</u>	<u>9,399</u>
Total liabilities and equity	<u><u>18,803</u></u>	<u><u>18,128</u></u>

Long-term debt - Long-term debt during the six months ended June 31, 2007 remained unchanged due to offset of repayments of existing long-term loans by receipt of a new loan.

Total equity - During the six months ended June 30, 2007, total equity was increased by \$772,000 or 8% reaching \$10,171,000.

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 56% 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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