



Press Release

MediVision Medical Imaging Ltd.

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FOR IMMEDIATE RELEASE

***MediVision Presents Management's Report for the Period ended September 30, 2004
Third quarter revenues grew 21% to \$3.1M and net profit grew 480% to \$0.3M
compared to Third Quarter of 2003***

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. (EURO.NM: MEDV) released today (November 17, 2004) information concerning its operations and financial results for period ended September 30, 2004.

MediVision Revenues for the three and nine months period ended September 30, 2004 aggregated to \$3,091,000 and \$8,156,000 as compared to sales of \$2,552,000 and \$7,667,000 for the comparable periods of 2003, reflecting an increase of 21% and 6% accordingly. During the period ended September 30, 2004, 84% of the Company's Sales were in the U.S.A. and 16% were in Europe and Domestic.

MediVision has recorded Net Profits of \$289,000 and \$1,458,000 for the three and nine months period ended September 30, 2004 as compared to \$50,000 and \$113,000 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 nine months period ended September 30, 2004 was \$881,000, an improvement of 53%, as compared with \$577,000 for the comparable period ended September 30, 2003.

Noam Allon, President and CEO of MediVision commented: "We are pleased from the significant increase in revenues of during the third quarter, reflecting a major growth in the Company's activity in Europe and domestically. This growth is a result of a few years of consistent and focused activity in selected European countries, as well as the acquisition of a European company which we have announced recently". Mr. Allon concluded: "At the joint AAO/SOE 2004 meeting last month we unveiled two new products, WinStation 3200™ imaging system and the WebStation™ which we believe will significantly contribute to our sales over the coming quarters. We are extremely pleased that the record orders booking at this event exceeded our expectations. Based on the considerable attention for these products from the professional community and the orders booked at the show, we expect to begin seeing the sales benefit of these products during the fourth quarter of this year."

Highlights of the Period ended September 30, 2004:

Acquisition of European subsidiary – During the period, the company acquired 54% of the common stock of a leading European company in the field of ophthalmic imaging. The acquired company manufactures and distributes systems for various ophthalmic applications and is considered to be one of the principal companies in the ophthalmic imaging field in its country. The consideration for the 54% equity of the acquired company is approximately \$781,000 in cash and in common stock of Ophthalmic Imaging Systems (OIS), MediVision's US subsidiary. Additionally, the agreement calls for MediVision to reach 63% of holdings in the acquired company before September 2005 at a price which is based on achievement of certain milestones. MediVision has the option to reach up to 80% of the company's holdings until January 2007. In addition to the acquisition payments, MediVision will immediately provide the acquired company with a shareholder's secured loan and capital increase of approximately \$80,000. The results of the acquired company are consolidated and disclosed in the financial reports of MediVision for the three-month period ended September 30, 2004.

Sales of OIS stock – During the nine 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 74% of the common stock of OIS.

Capital gain profit – During the nine months period the Company recorded a Capital gain profit of approximately \$1,297,000 of which approximately \$137,000 incurred in the third 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.

FAST 50 technology contest 2004 –The Company was awarded the 14th place out of 50 ranked companies. The 2004 Israeli Fast 50 program ranks the Israeli technology companies upon their five year percentage growth in revenues between 1999 and 2003. The contest is held by Deloitte&Touche accounting firm in Israel as well as in the US, Europe, China and Japan. This is the third consecutive year in which the Company was ranked as one of the top twenty fastest growing companies in Israel.

Launch of new products - At the joint AAO/SOE 2004 convention held during October, 2004 the Company introduced together with its American subsidiary, OIS, two new products, WinStation 3200™ imaging system and the WebStation™. The Company believes that it will significantly contribute to its sales over the coming quarters and has already recorded a significant number of bookings of the new products during the AAO convention.

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

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

	For the nine months Ended September 30,		For the three months ended September 30,	
	2004	2003	2004	2003
	Unaudited			
Sales	8,156	7,667	3,091	2,552
Cost of sales	3,231	3,152	1,274	1,060
Gross profit	4,925	4,515	1,817	1,492
Operating expenses:				
Research and development costs, net	701	622	246	256
Selling and marketing expenses	2,376	2,281	790	780
General and administrative expenses	1,250	1,270	434	378
Total operating expenses	4,327	4,173	1,470	1,414
Operating income	598	342	347	78
Financial expenses, net	245	223	85	20
	353	119	262	58
Other income, net	1,297	5	137	-
Income for the period before taxes on income	1,650	124	399	58
Taxes on Income	(9)	(11)	(9)	(8)
Net profit for the period before minority interests	1,641	113	390	50
Minority interests	183	-	101	-
Income for the period	1,458	113	289	50
Income per share (in U.S. Dollars)	0.21	0.02	0.04	0.01

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

Sales

The consolidated Sales for the nine and three months period ended September 30, 2004 aggregated to \$8,156,000 and \$3,091,000 as compared to sales of \$7,667,000 and \$2,552,000 for the comparable periods of 2003, reflecting an increase of 6% and 21% accordingly. During the period ended September 30, 2004, 84% of the Company's Sales were in the U.S.A. and 16% were in Europe and Domestic.

Gross profit

Gross profit for nine and three months period end September 30, 2004 were \$4,925,000 and \$1,817,000 which are 60% and 59% of sales revenues, as compared with \$4,515,000 and \$1,492,000 which were 59% and 58% 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 nine and three months period ended September 30, 2004 amounted to \$701,000 and \$246,000 or 9% and 8% of Sales revenues accordingly. The net R&D expenses in the previous comparable periods were \$622,000 and \$256,000, after deduction of \$ 89,000 participation by the BIRD-F in R&D expenses related to the CGLT project. The R&D expenses for the period ended September 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 nine and three months period ended September 30, 2004 were \$2,376,000 and \$790,000, which are 29% and 26% of total Sales revenues, as compared to \$2,281,000, and \$780,000 which were 30% and 31% of total Sales revenues during the parallel period of the previous year. 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 nine and three months period ended September 30, 2004 were \$1,250,000 and \$434,000, which are 15% and 14% of the total Sales, as compared to \$1,270,000 and \$378,000, which were 17% and 15% 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.

Minority interest

Minority interest for the nine months period ended September 30, 2004 is attributed mainly to the part of OIS minority shareholders in the profits of OIS which amounted to \$163,000. In addition \$20,000 is attributed to the minority shareholders of the new European subsidiary, in respect to their part in the profit from the activity in Europe during the three month period ended September 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 74% 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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