



## Press Release

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**FOR IMMEDIATE RELEASE**

### ***MediVision Presents Management's Report for 2008***

Yokneam Elit, Israel, MediVision Medical Imaging Ltd. ("MediVision", EURO.NM: MEDV) released today (March 31, 2008) information concerning its operations and financial results for the period ended December 31, 2008. MediVision consolidated revenues for the year ended December 31, 2008 aggregated to \$14,410,000 compared to revenues of \$16,322,000 for the comparable year of 2007, reflecting a decrease of 12%.

During the fourth quarter, the Company started the implementation of downsizing plan that included among other layoff of employees and significant cut of expenses and overheads.

"Like many other companies we are facing global market recession which affects the entire industry and MediVision and OIS in particular; we have made changes in our group structure accordingly. MediVision is in the process of implementation of a plan that will bring its relative advantages into power. I believe that this plan will contribute in the long run to the Companies strength and market position. The company is still investing into research and development of few technologies that will eventually contribute to the company growth", said Noam Allon, CEO and President of MediVision.

#### **Highlights of the year ended December 31, 2008**

***Termination of Merger Agreement with OIS*** – The Company and OIS have mutually agreed to terminate their merger agreement. The termination of the agreement is due to exorbitant costs the companies and associated shareholders would incur as a result of regulatory requirements. The companies initially announced the merger agreement in March 2008.

***Downsizing plan and Company status*** – During the fourth quarter of 2008, the Company started the implementation of downsizing plan that will include among other layoff of employees and significant cut of expenses and overheads.

The companies Board of Directors approved the plan which has been implemented during the first quarter of 2009. The Company is planning to focus its activity in the development of new Electro-optical products and therefore few MediVision employees will relocate to OIS headquarters in Sacramento, California as part of the reorganization of the R&D groups. Altogether, the Israeli company is expected to layoff 11 employees (about 45% of its employees).

Subsequent to the balance sheet date, OIS established a new fully owned subsidiary, OIS Global Ltd ("OISG") which will gradually receive the activity of the Company and will focus mainly in R&D activity.

In addition, management is evaluating alternative sources of capital to meet cash requirements, including issuance of debt, issuance of equity securities and entering into other financing agreements with its shareholders. According to management beliefs, if the Company is unable to obtain additional funding, it would be required to eliminate certain activities that would adversely effect its operations.

***Purchase of Acermed assets by OIS*** - In January 2008, OIS purchased substantially all of the assets of Acermed, Inc., a leading software developer for Electronic Medical Records (EMR) and Practice Management (EPM) software. The acquisition was done through OIS's newly established subsidiary, Abraxas Medical Solutions, Inc., and was approved by the California Central Bankruptcy Court.

***Conversion of Convertible shareholder loan*** – On June 30, 2008 the Company issued 1,677,573 Ordinary Shares NIS 0.1 par value to certain majority shareholders in respect of the Term Sheet signed between certain majority shareholders (the "Shareholders"), in connection with a convertible loan provided by the Shareholders to the Company. In consideration of the issued shares, the shareholders loan in the amount of \$626,000 was converted in to share capital of MediVision. Following the conversion, the Company has 8,484,872 issued and outstanding Ordinary shares NIS 0.1 par value each.

**Receipt of Convertible shareholder loan** - during August 2008 in respect of the Term Sheet signed between certain majority shareholders (the "Shareholders"), in connection with a convertible loan provided by the Shareholders to the Company, the Shareholders granted the company an additional loan in the amount of \$400,000.

Subsequent to the balance sheet date, a new Convertible Loan Agreement was signed with the Shareholders at an aggregate amount of up to additional \$800,000. The loan agreement shall cover also the principal amount of the above mentioned \$400,000 provided to the Company during August 2008 and will apply the terms and conditions as detailed in the Convertible Loan Agreement. The loan shall bear interest at an annual rate of 12% and shall be repaid within 12 months from the date of the grant. Loan and any interest due thereon may be converted in a whole or in part into ordinary shares of the Company, at a conversion price equal to the lower between (1) the Company's average share price on the Belgium EuroNext Stock Exchange during the 30 days prior the date of this agreement; and (2) the Company's average share price on the Belgium EuroNext Stock Exchange during the 30 days prior the Conversion, and in each case subject to a discount at the rate of 20% of the Company's average share price on the Belgium EuroNext Stock Exchange at the applicable dates. As security for the Company's obligation including repayments of the loan and any interest due thereon and the Conversion Rights, the Company shall grant to the shareholders a pledge in shares of common stock of OIS held by the Company subject to a discount at a rate of 30% of the price of OIS' shares, to be allocated among each Shareholder pro-rata to the portion of the Loan which he actually provides.

## Information in regards to the Financial Situation for the year ending December 31, 2008

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

	<u>Year ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Sales	14,410	16,322
Cost of sales	6,630	7,051
Gross profit	<u>7,780</u>	<u>9,271</u>
<b>Operating expenses:</b>		
Research and development expenses, net	2,859	2,030
Selling and marketing expenses	4,832	4,235
General and administrative expenses	2,319	2,492
Total operating expenses	<u>10,010</u>	<u>8,757</u>
Operating income (loss)	<u>(2,230)</u>	514
Financial expenses, net	531	234
Profit (loss) before other income	<u>(2,761)</u>	280
Other income (loss), net	-	(72)
Profit (loss) before taxes on income	<u>(2,761)</u>	208
Tax benefit (expenses)	161	(8)
Net profit (loss) for the year	<u>(2,600)</u>	<u>200</u>
Attributed to:		
Equity holders of the parent	(2,209)	(475)
Minority interest	(391)	675
	<u>(2,600)</u>	200
Basic earnings per share (in Dollars)	<u>(0.281)</u>	<u>(0.068)</u>
Diluted earnings per share (in Dollars)	<u>(0.281)</u>	<u>(0.064)</u>

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

**Sales** - The consolidated Sales for the year ended December 31, 2008 aggregated to \$14,410,000 compared to sales of \$16,322,000 for the comparable year of 2007, reflecting a decrease of 12%. The decrease in revenues is due to a decrease of product sales of approximately \$2,306,000, offset by an increase in service revenue of approximately \$394,000.

**Gross Profit** - Gross profit for the year ended December 31, 2008 were \$7,780,000 or 54% of sales revenues, as compared with \$9,271,000 which were 57% of sales revenues for the comparable year of 2007. Gross margins decreased due to the decrease in sales with fixed overhead costs.

**Research and Development Expenses** - Net R&D expenses for the year ended December 31, 2008 amounted to \$2,859,000 or 20% of Sales revenues. During the year, Abraxas, OIS fully owned subsidiary capitalized research and development efforts at the amount of \$1,151,000 related to the development of its software to get it ready to sell to the market. During the year, OIS capitalized newly developed software packages at approximately \$505,000. During the comparable reported periods, the Company recognized development costs in the amount of \$1,142,000 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 year was \$4,515,000 or 31% of Sales revenues compared to \$3,172,000 or 19% of Sales revenues in the comparable year of 2007.

**Selling and Marketing Expenses** - Total Selling and Marketing expenses for the year ended December 31, 2008 amounted \$4,832,000 which are 34% of total Sales revenues, as compared with \$4,235,000 which were 26% of total Sales revenues for the comparable year in 2007.

**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 year ended December 31, 2008 were \$2,319,000 which are 16% of the total Sales, as compared to \$2,492,000, which were 15% of total Sales in the comparable year of 2007.

**Minority Interest** - Minority interest for the year ended December 31, 2008 are attributed mainly to the part of OIS minority shareholders in the loss 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>December 31, 2008</u>	<u>December 31, 2007</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	2,785	7,992
Restricted cash	158	168
Trade receivables, net	2,343	3,472
Other accounts receivable and prepaid expenses	428	702
Inventories	<u>1,576</u>	<u>1,198</u>
<b>Total Current Assets</b>	7,290	13,532
<b>Property and Equipment, net</b>	600	575
<b>Deferred Tax Asset</b>	1,502	1,342
<b>Goodwill and Other Assets</b>	<u>8,080</u>	<u>6,012</u>
<b>Total Assets</b>	<u><u>17,472</u></u>	<u><u>21,461</u></u>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Short-term bank credit and current maturities	3,664	2,862
Trade payables	1,409	1,728
Other accounts payable and accrued expenses	<u>4,305</u>	<u>4,314</u>
<b>Total Current liabilities</b>	9,378	8,904
<b>Long-Term Liabilities</b>		
Long-term loans, net of current maturities	1,034	2,663
Other Liabilities	<u>64</u>	<u>171</u>
Total long-term liabilities	<u>1,098</u>	<u>2,834</u>
Total liabilities	<u>10,476</u>	<u>11,738</u>
<b>Equity</b>		
Share Capital	215	165
Additional paid-in capital	9,302	8,775
Foreign currency translation differences	67	132
Capital reserve	(311)	(311)
Accumulated deficit	<u>(6,454)</u>	<u>(3,725)</u>
	2,819	5,036
Minority interest	<u>4,177</u>	<u>4,687</u>
<b>Total Equity</b>	<u>6,996</u>	<u>9,723</u>
<b>Total liabilities and equity</b>	<u><u>17,472</u></u>	<u><u>21,461</u></u>

**Long-term debt** - Long-term debt during the year ended December 31, 2008 decreased due to repayments of loans and higher allocation to current maturities.

**Total equity** - During the year ended December 31, 2008, total equity was decreased by \$2,727,000 or 28% reaching \$6,996,000.

**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.

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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 including but not limited to as listed below 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. Such abovementioned risks include but are not limited to:

1. Uncertain market acceptance of Company products - The Company's future growth and profitability will depend, in large part, on the acceptance by the market of the Company's existing and proposed products. This acceptance will be substantially dependent on educating the market as to full capabilities, distinctive characteristics, perceived benefits and efficacy of the Company's existing and proposed products. In addition, the future success of the Company's products will depend on their acceptance by customers and on such customers' willingness and ability to purchase such products. There can be no assurance that the Company's products will receive the necessary market acceptance. Failure of the Company's existing and/or proposed products to gain market acceptance could have a material adverse effect on the Company's business, financial condition and results of operations.

2. New products - The Company, through its Research and Development teams, engages in the development of new technologies and products and in the upgrading and improvement of existing ones. There is no certainty that development of these technologies and/or products will be completed, successfully, or at all, or if completed successfully, that a market for them will exist. .

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