FOR IMMEDIATE RELEASE

ELBIT MEDICAL IMAGING LTD. ANNOUNCES

SECOND QUARTER 2005 RESULTS

Tel Aviv, Israel - September 11, 2005 - Elbit Medical Imaging Ltd. (NASDAQ: EMITF) ("EMI" or the "Company") today announced its consolidated results for the three and six-month periods ended June 30, 2005.

Net loss for the second quarter of 2005 totaled NIS 30.8 million (US $6.7 million), compared with a net loss of NIS 54.4 million in the corresponding period of 2004.

Revenues for the second quarter of 2005 totaled NIS 143.9 million (US $31.5 million), compared with revenues of NIS 172.4 million in the corresponding period of 2004.

Commentary for the Second Quarter:

Mr. Shimon Yitzhaki, President of Elbit Medical Imaging commented: "The results of the second quarter of 2005 do not reflect EMI's current business position as they include expenses incurred in respect of the sale of shopping and entertainment centers to the Klépierre group, but do not record the capital gains expected from such transaction.

"The results also include NIS 22.6 million (US $4.9 million) due to a provision for a neither recurring nor cash flow entailing impairment loss expected on EMI's investment in Vcon Telecommunication Ltd., and a provision for a loss that may result from a decrease in EMI's shareholding in Elscint Ltd., a subsidiary of the Company (NYSE: ELT) ("Elscint"), assuming realization of Elscint's employees stock.

"In addition, EMI's research and development expenses increased in the second quarter of 2005 due to the an acceleration in R&D efforts by EMI's subsidiary, InSightec Image Guided Treatment Ltd. ("InSightec"), for several potential applications".

Finally concluded Mr. Yitzhaki: "EMI's proposed merger with Elscint is intended to enable the merging companies to exploit opportunities that were previously unavailable to either company independently, and to reduce operational costs.

The Chairman of the Board Mr. Mordechay Zisser, commented: "The recent Klépierre Agreement together with the previous sales agreements during the last year, in total aggregate amount of US $ 1 billion further establish EMI's position as the regional industry leader in development and construction of shopping and entertainment centers, and demonstrate the success of our strategy of co-operation with large European bodies in various areas of operations. Moreover, the Klépierre transactions have enabled EMI to accelerate its development and construction of additional shopping and entertainment centers in Europe. The EMI results for the second quarter of 2005 do not reflect the substantial profit from the transactions with Klépierre that the Company expects to record later this year and in 2006."

The breakdown of revenue by sector of activity is presented in the following table (in NIS thousands):

	For the 6-month period ended June 30				For the 3-month period ended June 30				For the twelve-month period ended Dec 31	
	2005	**%**	**2004**	**%**	**2005**	**%**	**2004**	**%**	**2004**	**%**
Operating commercial centers	96,664	37	195,851	60	44,827	31	100,205	58	311,893	53
Hotels operation and management	121,232	45	109,279	33	66,689	47	57,192	33	218,365	37
Sale of medical systems	33,922	13	17,218	5	24,307	17	11,705	7	44,049	8
Sale of goods	4,787	2	-	-	4,787	3	-	-	-	
Lease of assets	6,609	3	6,606	2	3,304	2	3,326	2	13,238	2
Total revenues	**263,214**	**100**	**328,954**	**100**	**143,914**	**100**	**172,428**	**100**	**587,545**	**100**

KL2:2409023.1

The breakdown of gross profit by sector of activity is presented in the following table (in NIS thousands):

	For the 6-month period ended June 30				For the 3-month period ended June 30				For the twelve-month period ended Dec 31	
	2005	%	2004	%	2005	%	2004	%	2004	%
Operating commercial centers	31,497	33	81,045	41	14,475	32	40,188	40	112,113	36
Hotels operation and management	12,310	10	12,475	11	8,782	13	8,607	15	17,271	8
Sale of medical systems	25,575	75	14,488	84	18,121	75	10,048	86	34,215	78
Goods sold	3,134	65	-	-	3,134	65	-	-	-	-
Lease of assets	5,095	77	4,971	75	2,549	77	2,548	77	10,063	76
Total gross profit	**77,611**	**29**	**112,979**	**34**	**47,061**	**33**	**61,391**	**36**	**173,662**	**30**

The percentages in the above table refer to gross margins (gross profit as a percentage of the revenue in each respective sector).

The decrease in revenues for the three-month period ended on June 30, 2005, compared to the corresponding period of the previous year, is due to: (i) the exclusion of the activities of the 12 Hungarian shopping centers sold to Klépierre Group at the beginning of the third quarter of 2004; and (ii) the exclusion of the four additional shopping centers in Hungary sold to Dawnay Day Group at the beginning of the second quarter of 2005.

The consolidated net financial expenses for the three-month period ended June 30, 2005 totaled NIS 31.8 million (US $7.0 million), compared with a net financial expenses of NIS 74.5 million in the corresponding period of 2004. This substantial decrease results from a combination of the following factors:

1. During the second quarter of 2005 the Company recorded financial income of NIS 10.3 million (US$ 2.3 million) from derivative financial instrument transactions, compared to expenses of NIS 41.6 million from in the corresponding period of the previous year.

2. Financial expenses in the three-month period ended June 30, 2005, have increased by NIS 9.2 million (US $2.0 million), net, mainly as a result of (i) a reduction in the amount of outstanding bank loans in Plaza Centers due to the realization of the 16 shopping centers in 2004 and 2005, on one hand; and on the other hand (ii) an increase in volume of outstanding loans granted to operating companies mainly in the hotel business, with the addition of the negative effect of exchange rate differences, mainly NIS against the US $ (4.8%).

Other net expenses for the three-month period ended June 30, 2005 was NIS 22.1 million (US $4.8 million), which resulted primarily from a provision for impairment loss expected on EMI's investment in Vcon Telecommunication Ltd., and a provision for a loss that may result from decrease in EMI's shareholding in Elscint, assuming realization of Elsicnt's employees stock. The latter provision was recorded according to Israeli GAAP, as in effect through the end of 2005 (non-US GAAP), notwithstanding that the loss covered therein may not materialize, in the event EMI's proposed merger with Elscint is concluded.

In the second quarter of 2005, EMI recorded a deferred tax asset, in the amount of NIS 14.1 million (US $3.1 million), in respect of temporary differences arising from investments in its subsidiaries since following the 2005 Klepierre transactions, as concluded in July 2005, the utilization of such temporary differences against taxable profit in the foreseeable future, became initially probable.

The basic net loss per share for the three-month period ending June 30, 2005, was NIS 1.4 per share (US $0.3 per share).

EMI is a subsidiary of Europe Israel (M.M.S.) Ltd. EMI's activities are divided into three principal fields: (i) ownership, operation, management, acquisition, expansion and development of commercial and entertainment malls in Europe, primarily in Eastern and Central Europe; (ii) ownership, operation, leasing, management, acquisition, expansion and development of hotels in major European cities and ownership, operation and management of a commercial and entertainment mall in Israel through its subsidiary, Elscint Ltd.; and (iii) research and development in the image guided focused ultrasound activities through its subsidiary, InSightec - Image Guided Treatment Ltd.

This press release does not constitute an offer of any securities for sale. Before making any voting or investment decision, investors are urged to read the joint proxy statement/prospectus regarding the proposed merger between EMI and Elscint and any other relevant documents carefully in their entirety when they become available because they would contain important information about the proposed transaction. Any final joint proxy statement/prospectus would be mailed to EMI's and Elscint's shareholders. The registration statement containing the joint proxy statement/prospectus and other documents are available free of charge at the Securities and Exchange Commission's Internet site (http://www.sec.gov).

EMI, Elscint and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of a proposed transaction. Information regarding EMI's directors and executive officers is available in EMI's Annual Report for the Fiscal Year Ended December 31, 2004, which was filed with the Securities and Exchange Commission on June 30, 2005. Information regarding Elscint's directors and executive officers is available in Elscint's Annual Report for the Fiscal Year Ended December 31, 2004, which was filed with the Securities and Exchange Commission on June 30, 2005 and as amended and filed with the Securities and Exchange Commission on July 14, 2005. Information regarding persons who may, under the rules of the Securities and Exchange Commission, be considered participants in a solicitation of EMI and Elscint shareholders in connection with a proposed transaction is set forth in the joint proxy statement/prospectus filed with the Securities and Exchange Commission.

Any forward looking statements with respect to EMI's business, financial condition and results of operations included in this release are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements, including, but not limited to, product demand, pricing, market acceptance, changing economic conditions, risks in product and technology development and the effect of EMI's accounting policies, the risk that the Klepierre transactions are not consummated, risks related to the proposed merger of EMI and Elscint such as a failure to successfully integrate the two companies or realize the expected benefits from the proposed merger, as well as certain other risk factors which are detailed from time to time in EMI's filings with the Securities and Exchange Commission including, without limitation, EMI's Form F-4 Registration Statement filed with the Securities and Exchange Commission on September 1, 2005 and Form 20-F Annual Report for the fiscal year ended December 31, 2004, filed with the Securities and Exchange Commission on June 30, 2005.

Company Contact:
Marc Lavine, Adv.
Elbit Medical Imaging Ltd.
+972-3-608-6011
mlavine@europe-israel.com

Investor Contact:
Kathy Price
The Anne McBride Company
+212-983-1702 x212
kprice@annemcbride.com

(tables to follow)

ELBIT MEDICAL IMAGING LTD.
CONSOLIDATED BALANCE SHEETS

	June 30 2005	June 30 2004	Dec 31 2004	June 30 2005 Convenience translation US$'000
	NIS in thousands			
Current Assets				
Cash and cash equivalents	213,774	128,343	345,745	46,737
Short-term deposits and investments	271,104	315,460	278,021	59,271
Trade accounts receivable	50,807	46,648	39,102	11,108
Receivables and other debit balances	101,689	79,298	66,140	22,232
Inventories	16,299	6,894	7,331	3,563
	653,673	576,643	736,339	142,911
Long-Term Investments and Receivables				
Long-term deposits, debentures, loans and receivables	102,135	106,527	113,785	22,329
Investments in investees and other companies	56,777	123,806	71,608	12,413
	158,912	230,333	185,393	34,742
Fixed Assets	3,483,196	4,807,211	3,527,988	761,521
Other Assets and Deferred Expenses	54,759	77,034	55,859	11,972
Assets Related to Discontinuing Operations	13,110	14,760	14,700	2,866
	4,363,650	5,705,981	4,520,279	954,012
Current Liabilities				
Short-term credits	633,744	1,052,344	536,937	138,554
Suppliers and service providers	83,355	97,307	74,358	18,224
Payables and other credit balances	153,786	143,977	183,446	33,622
	870,885	1,293,628	794,741	190,399
Long-Term Liabilities	2,365,790	2,899,056	2,418,897	517,226
Liabilities Related to Discontinuing Operations	71,168	79,544	71,986	15,559
Convertible debentures	61,839	-	-	13,520
Minority Interest	404,939	460,651	430,687	88,531
Shareholders' Equity	589,029	973,102	803,968	128,778
	4,363,650	5,705,981	4,520,279	954,012

ELBIT MEDICAL IMAGING LTD.
CONSOLIDATED STATEMENT OF OPERATIONS

	Six months ended June 30		Three months ended June 30		Year ended Dec 31	Six months ended June 30
	2005	**2004**	**2005**	**2004**	**2004**	**2005**
	NIS in thousands					Convenience translation US$'000
Revenues						
Commercial center operations	96,664	195,851	44,827	100,205	311,893	21,133
Hotels operations and management	121,232	109,279	66,689	57,192	218,365	26,505
Sale of medical systems	33,922	17,218	24,307	11,705	44,049	7,416
Sales of goods	4,787	-	4,787	-	-	1,047
Lease of assets	6,609	6,606	3,304	3,326	13,238	1,445
	263,214	328,954	143,914	172,428	587,545	57,546
Costs of revenues						
Commercial center operations	65,167	114,806	30,352	60,017	199,780	14,247
Hotels operations and management	108,922	96,804	57,907	48,585	201,094	23,813
Sale of medical systems	8,347	2,730	6,186	1,657	9,834	1,825
Cost of goods sold	1,653	-	1,653	-	-	361
Lease of assets	1,514	1,635	755	778	3,175	331
	185,603	215,975	96,853	111,037	413,883	40,578
Gross profit	77,611	112,979	47,061	61,391	173,662	16,968
Project initiation expenses	8,948	359	3,319	182	2,371	1,956
Research and development expenses, net	26,657	21,095	15,098	9,108	38,158	5,828
Marketing and selling expenses	17,641	23,673	11,678	13,352	43,075	3,857
General and administrative expenses	49,404	39,665	23,436	20,056	92,536	10,801
	102,650	84,792	53,531	42,698	176,140	22,442
Operating profit (loss) before financial expenses, net	(25,039)	28,187	(6,470)	18,693	(2,478)	(5,474)
Financial expenses, net	(64,560)	(27,097)	(31,788)	(74,488)	(53,569)	(14,115)
Operating profit (loss) after financial expenses, net	(89,599)	1,090	(38,258)	(55,795)	(56,047)	(19,589)
Other income (expenses), net	5,222	(15,396)	(22,113)	(282)	96,908	1,142
Profit (loss) before income taxes	(84,377)	(14,306)	(60,371)	(56,077)	40,861	(18,447)
Income taxes (tax benefits)	(15,774)	17,089	(16,567)	1,814	15,804	(3,449)
Profit (loss) after income taxes	(68,603)	(31,395)	(43,804)	(57,891)	25,057	(14,998)
Share in results of associated companies, net	(5,241)	(8,276)	(3,096)	(4,930)	(15,968)	(1,146)
Minority interest in results of subsidiaries, net	34,539	14,661	17,418	6,794	27,448	7,551
Profit (loss) from continuing operation	(39,305)	(25,010)	(29,482)	(56,027)	36,537	(8,593)
Profit (loss) from discontinuing operation, net	(1,877)	848	(1,334)	1,580	6,810	(410)
cumulative effect of accounting change at the beginning of the year	(605)	-	-	-	-	(132)
Net income (loss)	(41,787)	(24,162)	(30,816)	(54,447)	43,347	(9,136)
Earnings (loss) per share - (in NIS)						
Basic earnings (loss) per share:						
From continuing operation	(1.78)	(1.12)	(1.34)	(2.51)	1.59	(0.39)
From discontinuing operation	(0.09)	0.04	(0.06)	0.07	0.30	(0.02)
cumulative effect of accounting change at the beginning of the year	(0.03)	-	-	-	-	(0.01)
Basic earnings (loss) per share	(1.90)	(1.08)	(1.40)	(2.44)	1.89	(0.42)
Diluted earnings (loss) per share	(1.90)	(1.08)	(1.40)	(2.44)	1.84	(0.42)