

## ELBIT MEDICAL IMAGING LTD. ANNOUNCES FIRST QUARTER 2007 RESULTS

**Tel Aviv, Israel, May 30, 2007,** Elbit Medical Imaging Ltd. (NASDAQ: EMITF) ("EMI" or the "Company") today announced its results for the first quarter of 2007.

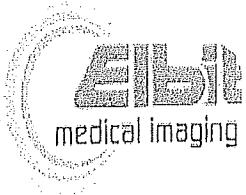
Loss for the first quarter of 2007 amounted to NIS 36.5 million (US\$ 8.8 million) compared with net income of NIS 8.0 million (US\$ 1.9 million) in the corresponding period of 2006.

Loss for the first quarter of 2007 excluding stock-base compensation expenses (Non GAAP measure) amounted to NIS 23.4 million (US\$ 5.6 million) compared with net income of NIS 9.4 million (US\$ 2.3 million) in the corresponding period of 2006.

Mr. Shimon Yitzhaki, President of the Company and Chief Executive Officer commented: "This quarter, we have sold to Klepierre SA, the Rybnik Plaza and Sosnowiec Plaza shopping and entertainment centres, both located in Poland. The company recorded revenues in the amount of approximately NIS 404 million (\$ 97.2 million) in the first quarter of 2007 as a result of these sales. We are expecting to record an additional gain of approximately NIS 86 million (\$20.7 million) from price adjustments as a result of these sales in the next quarters of 2007."

### **About Elbit Medical Imaging Ltd.**

EMI is a subsidiary of Europe Israel (M.M.S.) Ltd. EMI's activities are divided into the following principal fields: (i) Initiation, construction, operation, management and sale of shopping and entertainment centers in Israel, Central and Eastern Europe and India; (ii) Hotels ownership, primarily in major European cities, as well as operation, management and sale of same through its subsidiary, Elscint Ltd.; (iii) Long-term leases of real estate property; (iv) Investments in the research and development, production and marketing of magnetic resonance imaging guided focused ultrasound treatment equipment, through its subsidiary, InSightec Ltd.; and (v) Other activities consisting of the distribution and marketing of women's fashion and accessories through our wholly-owned Israeli subsidiary, Mango Israel Clothing and Footwear Ltd., and venture-capital investments.



*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, 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, Annual Report on Form 20-F for the fiscal year ended December 31, 2005, filed with the Securities and Exchange Commission on June 30, 2006.*

**For Further Information:**

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Elbit Medical Imaging Ltd

	March 31, 2007 Reported	December 31, 2006 Reported	March 31, 2007 Reported Convenience translation (in thousand NIS) US\$'000
<b>Current Assets</b>			
Cash and cash equivalents	1,451,854	2,150,871	349,423
Short-term deposits and investments	607,450	279,112	146,197
Trade accounts receivable	254,872	51,141	61,341
Receivables and other debit balances	185,368	122,341	44,613
Inventories	28,083	24,710	6,759
Trading property	1,022,196	(*) 910,493	246,016
	<u>3,549,823</u>	<u>3,538,668</u>	<u>854,349</u>
<b>Long-Term Investments and Receivables</b>			
Debentures, loans and other long-term balances	99,508	201,493	23,949
Investments in investees and other companies	60,498	61,680	14,560
	<u>160,006</u>	<u>263,173</u>	<u>38,509</u>
<b>Real Estate and other Fixed Assets</b>			
Investment Property	1,576,891	(*) (**) 2,204,817	379,516
	<u>686,502</u>	<u>-</u>	<u>165,223</u>
<b>Long-Term Leasehold Rights</b>			
	<u>113,045</u>	<u>(*) 115,310</u>	<u>27,207</u>
<b>Other Assets and Deferred Expenses</b>			
	<u>28,264</u>	<u>(*) 22,810</u>	<u>6,803</u>
<b>Assets Related to Discontinuing Operation</b>			
	<u>12,490</u>	<u>12,483</u>	<u>3,006</u>
	<u>6,127,021</u>	<u>6,157,261</u>	<u>1,474,614</u>
<b>Current Liabilities</b>			
Short-term credits	380,057	(**) 480,771	91,470
Suppliers and service providers	173,925	107,117	41,860
Payables and other credit balances	426,995	229,000	102,766
	<u>980,977</u>	<u>816,888</u>	<u>236,096</u>
<b>Long-Term Liabilities</b>			
	<u>2,998,412</u>	<u>(**) 3,047,446</u>	<u>721,639</u>
<b>Liabilities Related to Discontinuing Operation</b>			
	<u>39,917</u>	<u>40,513</u>	<u>9,607</u>
<b>Options of subsidiaries</b>			
	<u>39,086</u>	<u>22,280</u>	<u>9,407</u>
<b>Minority Interest</b>			
	<u>648,122</u>	<u>630,187</u>	<u>155,986</u>
<b>Shareholders' Equity</b>			
	<u>1,420,507</u>	<u>1,599,947</u>	<u>341,879</u>
	<u>6,127,021</u>	<u>6,157,261</u>	<u>1,474,614</u>

(\*) Retrospective implementation of new accounting standard

(\*\*) Reclassified

Elbit Medical Imaging Ltd

	Three months ended March 31 2007	Year ended Dec 31 2006	Three months ended March 31 2007
	Reported	Reported	Reported
	Convenience translation (in thousand NIS)		
			US\$'000
<b>Revenues</b>			
Hotels operations and management	90,314	76,322	351,610
Commercial centers operations (1)	434,421	24,535	(**) 397,508
Sale of medical systems	20,522	18,989	85,824
Sale of fashion merchandise	13,108	12,333	58,035
Sale of real estate assets and investments,net	-	39,040	(**) 80,218
Realization of investments	-	29,387	697,358
	558,365	200,606	1,670,553
<b>Costs and expenses</b>			
Hotels operations and management	81,167	73,803	(*) 305,047
Commercial centers operations (1)	411,056	33,851	(**) 395,037
Medical systems operation	18,331	15,078	72,515
Cost of fashion merchandise	17,413	16,002	70,251
Research and development expenses, net	14,364	15,058	62,566
General and administrative expenses	16,416	13,314	67,161
Share in losses of associated companies, net	2,068	2,272	9,665
Financial expenses, net	23,621	37,652	129,127
Other expenses,net	2,369	1,910	36,836
	586,805	208,940	1,148,205
<b>Profit (loss) before income taxes</b>	(28,440)	(8,334)	522,348
Income taxes	1,038	2,905	(6,846)
<b>Profit (loss) after income taxes</b>	(29,478)	(11,239)	517,126
Minority interest in results of subsidiaries, net	(7,773)	4,080	(7,096)
<b>Profit (loss) from continuing operation</b>	(37,251)	(7,159)	9,691
Profit from discontinuing operation, net	694	15,255	(1,871)
<b>Net income (loss)</b>	(36,557)	8,096	35,664
			167
			(8,800)

(1) Sale of trading property and investment property operations

(\*) Retrospective implementation of new accounting standard

(\*\*) Reclassified

Elbit Medical Imaging Ltd	Cumulative foreign currency translation						Loans to employees	Dividend declared after balance sheet date	Total
	Share Capital	Capital reserves	Retained earnings	Gross Amount	Treasury stock	to acquire Company Shares			
(In thousand NIS)									
<b>Balance -</b>									
December 31, 2005 (reported amounts) (*)	37,480	789,164	67,872	213,788	1,108,304	(162,383)	(19,034)	124,160	1,051,047
Gain for the period (*) :	-	-	-	562,481	562,481	-	-	-	562,481
Exercise of warrents	28	1,105	-	-	1,133	-	-	-	1,133
Differences from translation of autonomous foreign entities' financial statements	-	-	31,553	-	31,553	-	-	-	31,553
Dividend paid	-	-	-	-	-	-	-	(124,160)	(124,160)
Repayment of loans as a result of the realization by employees of rights to shares	-	-	-	-	-	-	16,970	-	16,970
Sale of treasury stocks	524	23,055	-	-	23,579	23,864	-	-	47,443
Stock base compensation expenses	-	13,480	-	-	13,480	-	-	-	13,480
Employee shares premium	-	1,789	-	-	1,789	-	(1,789)	-	-
Declared Dividend	-	-	-	(159,767)	(159,767)	-	-	159,767	-
December 31, 2006 (reported amounts) (*)	38,032	828,593	99,425	616,502	1,582,552	(138,519)	(3,853)	159,767	1,599,947
Loss for the period	-	-	-	(36,557)	(36,557)	-	-	-	(36,557)
Differences from translation of autonomous foreign entities' financial statements	-	-	(3,391)	-	(3,391)	-	-	-	(3,391)
Dividend payable	-	-	-	-	-	-	-	(159,767)	(159,767)
Repayment of loans as a result of the realization by employees of rights to shares	-	-	-	-	-	-	215	-	215
Stock base compensation expenses	-	6,314	-	-	6,314	-	-	-	6,314
Employee shares premium	-	42	-	-	42	-	(42)	-	-
Cumulative effect due to adjustment of real-estate assets to their market value at the beginning of the year	-	-	-	13,746	13,746	-	-	-	13,746
March 31, 2007 (reported amounts)	38,032	834,949	96,034	593,691	1,562,706	(138,519)	(3,680)	-	1,420,507
Convenience translation US\$'000									
Elbit Medical Imaging Ltd	Cumulative foreign currency translation						Loans to employees	Dividend declared after balance sheet date	Total
	Share Capital	Capital reserves	Retained earnings	Gross Amount	Treasury stock	to acquire Company Shares			
<b>Balance -</b>									
December 31, 2006 (reported amounts) (*)	9,153	199,421	23,929	148,376	380,879	(33,338)	(927)	38,452	385,066
Loss for the period	-	-	-	(8,800)	(8,800)	-	-	-	(8,800)
Differences from translation of autonomous foreign entities' financial statements	-	-	(816)	-	(816)	-	-	-	(816)
Dividend payable	-	-	-	-	-	-	-	(38,452)	(38,452)
Repayment of loans as a result of the realization by employees of rights to shares	-	-	-	-	-	-	52	-	52
Stock base compensation expenses	-	1,521	-	-	1,521	-	-	-	1,521
Employee shares premium	-	10	-	-	10	-	(10)	-	-
Cumulative effect due to adjustment of real-estate assets to their market value at the beginning of the year	-	-	-	3,308	3,308	-	-	-	3,308
March 31, 2007 (reported amounts)	9,153	200,952	23,113	142,884	376,102	(33,338)	(885)	-	341,879

(\*) Retrospective implementation of new accounting standard