

ELBIT VISION SYSTEMS LTD.

BUSINESS NEWS

IMMEDIATE RELEASE

ELBIT VISION SYSTEMS LTD. AND ITS SUBSIDIARY TO ACQUIRE PANOPTES LTD.

Yoqneam, Israel, January 11, 2006 – Elbit Vision Systems, Ltd.

(OTCBB: EVSNF.OB), a leading provider of automatic optical inspection and quality monitoring systems, announced today that together with its wholly owned subsidiary, ScanMaster Systems (IRT) Ltd., it has executed an agreement to acquire the business, assets and shares of Panoptes Ltd. (<http://www.panoptes.co.il>). The transaction follows the execution of a series of agreements with Mivtach Shamir (TASE – MISH TA), announced last week. Panoptes is an innovator of machine vision systems for surface inspection, technical fabrics, textiles, glass and other woven materials. In connection with the purchase, EVS will issue 800,000 shares and pay cash royalties equaling 3.5% of sales of EVS optical inspection systems between January 2006 and the end of December 2008 to Ma'aragim - Panoptes' controlling shareholder. The transaction is subject to the completion of certain customary closing conditions.

EVS' CEO, Mr. Menashe Shohat, said: "This acquisition along with Mivtach Shamir' agreement enables EVS to leverage its industrial web inspection expertise to provide new technologies and new products to existing and additional industrial applications. This new technology will support the momentum we currently enjoy for our web and surface inspection products. I am proud that Panoptes has chosen to become our partner in implementing machine vision technology. Following the completion of the transaction, we hope to provide wider range of products, which should increase production output and faster ROI for the benefit of our customers."

Commenting on the transaction, Mr. Reuven Avital, Chairman of Panoptes said: "Through this transaction with EVS, Panoptes' products will benefit from increased distribution channels via the global marketing networks of EVS. This advantageous combination of the two experienced R&D teams will expand the market share for our state- of- the- art technology. I believe that the combination of technology, sales, marketing and customer support will enable us to become a leading provider of Automated Optical Inspection solutions."

About Panoptes:

Panoptes Ltd. is the leading innovator of machine vision systems for surface inspection, especially textiles, glass fabric and technical woven materials. Panoptes' machine vision systems inspect fabrics in all production stages, from on-loom weaving to finished fabric, and produce images, maps and statistical data for all visual defects.

About Elbit Vision Systems (EVS):

EVS offers a broad portfolio of automatic in-line inspection and quality monitoring systems used to improve product quality and increase production efficiency. The Company's Industrial Division provides automatic optical inspection (AOI) and non-destructive ultrasound inspection systems for heavy manufacturing (automotive, aeronautics, steel and others). EVS maintains headquarters and manufacturing in Israel, R&D operations in Israel, and offers global sales and support coverage.

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Forward looking statements in this release with respect to the Company's business, financial condition and results of operations 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, the effect of the Company's accounting policies as well as certain other risk factors which are detailed from time to time in the Company's SEC filings. The transaction described in the press release attached is subject to (i) completion of negotiation; (ii) the execution of all definitive documentation; and (iii) the satisfaction of any conditions to effectiveness contained in any definitive documentation. Furthermore, risks associated with the transaction include (i) any difficulties encountered in the adaptation of EVS' business to accommodate new industrial applications, which may affect the timing and quality of production; and (ii) conditions in the market for the sales of new applications, as a result of which the results of any acquisition may vary from those anticipated.