

ELBIT VISION SYSTEMS LTD.

FOR IMMEDIATE RELEASE

ELBIT VISION SYSTEMS LTD. REPORTS FINANCIAL RESULTS FOR THE 1st QUARTER OF 2006

First Quarter Highlights

	<i>March 31, (U.S. dollars in thousands)</i>	
	2006	2005
<i>Net Sales</i>	<i>\$4,052 thousand</i>	<i>\$4,143 thousand</i>
<i>Net Loss</i>	<i>\$1,090 thousand</i>	<i>\$123 thousand</i>
<i>Net Income (Loss) before amortization and stock based compensation</i>	<i>\$(745) thousand</i>	<i>\$37 thousand</i>

Yoqneam, Israel, June 5, 2006 – Elbit Vision Systems, Ltd. (OTCBB: EVSNF.OB), a leading provider of automatic optical inspection and quality monitoring systems, today announced its consolidated financial results for the first quarter ended March 31, 2006.

Financial Results

Revenues for the first quarter of 2006 were \$4,052,000, a decrease of 2% compared to \$4,143,000 in the first quarter of 2005. Net loss for the first quarter of 2005 was \$1,090,000, or \$0.04 per share, compared to a net loss of \$117,000, or \$0.005 per share, for the first quarter of 2005. Excluding amortization related to acquisitions and stock based compensation expenses, the Company recorded a net loss of \$745,000 for the first quarter of 2006.

Comments of Management

Commenting on this latest financial report, Mr. Yaky Yanay, Chief Financial Officer of EVS, said: "During the first quarter we successfully completed the Mivtach Shamir investment as well as the acquisition of Panoptes Ltd. The increase in net loss is mainly attributed to incremental expenses related to the Panoptes acquisition and the delay in completing one of our railway projects. We believe that the combination of a strategic investor and the newly acquired technology places us in a stronger position in our existing markets and, in particular, will likely play a significant role in our plan to penetrate new growing market segments."

About Elbit Vision Systems Ltd. (EVS): www.evs.co.il

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.

Safe Harbor:

This press release contains forward-looking statements. Such statements are subject to certain risks and uncertainties, such as market acceptance of new products and our ability to execute production on orders, which could cause actual results to differ materially from those in the statements included in this press release. Although EVS believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. EVS disclaims any intention or obligation to update or revise any forward-looking statements, which speak only as of the date hereof, whether as a result of new information, future events or otherwise. EVS undertakes no obligation to update forward-looking statements to reflect subsequently occurring events or circumstances.

This press release and other releases are available on www.evs.co.il

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ELBIT VISION SYSTEMS LTD.
CONSOLIDATED BALANCE SHEETS

	Mar-31		Dec-31
	2006	2005	2005
	U.S. dollars in thousands		
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	1,138	587	886
Restricted deposit	1,556	520	1,810
Accounts receivable:			
Trade	2,452	3,246	3,600
Other	944	1,132	1,148
Inventories	4,533	4,279	4,559
Total current assets	10,623	9,764	12,003
LONG-TERM RECEIVABLES:			
Funds in respect of employee rights upon retirement	1,639	1,499	1,633
Other long-term receivables	178	182	180
Total long-term receivables	1,817	1,681	1,813
PROPERTY, PLANT AND EQUIPMENT – net of accumulated depreciation and amortization			
	949	1,007	918
OTHER ASSETS AND DEFERRED CHARGES -			
net of accumulated amortization:			
Goodwill	3,818	3,904	3,847
Other intangible assets	4,802	3,841	3,483
Deferred charges	-	343	
	8,620	8,088	7,330
Total assets	22,009	20,540	22,064

	Mar-31		Dec-31
	2006	2005	2005
U.S. dollars in thousands			
Liabilities and shareholders' equity			
CURRENT LIABILITIES:			
Credit from banks	2,465	2,568	2,191
Current maturities of loan from Related Parties	160	160	160
Credit from Cornell Capital Partners L.P.	-	2,669	1,449
Accounts payable:			
Trade	1,745	1,681	2,479
Deferred revenues	2,919	1,472	3,665
Other	4,892	5,845	3,963
Total current liabilities	12,181	14,395	13,907
LONG-TERM LIABILITIES:			
Loans and other liabilities (net of current maturities)	2,110	214	1,626
Loans from Related Parties(net of current maturities)	292	184	236
Liability for employee rights upon retirement	2,187	2,182	2,196
Total long-term liabilities	4,589	2,580	4,058
Total liabilities	16,770	16,975	17,965
SHAREHOLDERS' EQUITY	(**) 5,239	(*) 3,565	(**) 4,099
Total liabilities and shareholders' equity	22,009	20,540	22,064

(*) After reduction of \$2,520 shares held in escrow

(**) After reduction of \$1,168 shares held in escrow

ELBIT VISION SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>3 months ended</u>		<u>year ended</u>
	<u>Mar-31</u>		<u>December</u>
	<u>2006</u>	<u>2005</u>	<u>31,</u>
			<u>2005</u>
	<u>U.S. dollars in thousands</u>		
	<u>(except per share data)</u>		
REVENUES	4,052	4,143	20,791
COST OF REVENUES	2,817	2,547	12,223
GROSS PROFIT	1,235	1,596	8,568
RESEARCH AND DEVELOPMENT			
EXPENSES – net	832	606	2,193
SELLING, GENERAL AND			
ADMINISTRATIVE EXPENSES:			
Marketing and selling	835	722	3,765
General and administrative	553	331	1,565
OPERATING PROFIT(LOSS)	(985)	(63)	1,045
FINANCIAL INCOME (EXPENSES) - net	(107)	(73)	(471)
OTHER INCOME – net	3	19	41
PROFIT(LOSS) BEFORE TAXES ON	(1,089)	(117)	615
INCOME			
TAXES ON INCOME	1	6	4
PROFIT(LOSS) FOR THE PERIOD	(1,090)	(123)	611
AMORTIZATION DUE TO			
ACQUISITIONS	196	160	548
STOCK BASED COMPENSATION			
EXPENSES	149		

EARNING (LOSS) BEFORE AMORTIZATION AND STOCK BASED COMPENSATION EXPENSES	<u>(745)</u>	<u>37</u>	<u>1,159</u>
EARNING (LOSS) PER SHARE BASIC	(0.04)	(0.0046)	0.0230
EARNING (LOSS) PER SHARE DILUTED	(0.04)	(0.0046)	0.0210
WEIGHTED AVERAGE NUMBER OF SHARES USED IN COMPUTATION OF LOSS PER SHARE			
BASIC (IN THOUSANDS)	27,347	25,042	26,500
DILUTED (IN THOUSANDS)	27,347	25,042	28,421