

Preliminary Results for the 12 months ended 31 December 2007

Medicsight PLC (AIM: MDST), industry leader in the development of Computer-Aided Detection (CAD) and image analysis software to assist in the early detection and diagnosis of disease, is pleased to announce its Preliminary Results for the twelve months ended 31 December 2007.

2007 Highlights

- Successful Initial Public Offering on the London AIM market, raising £32 million before fees.
- The signing of updated distribution agreements with: Vital Images Inc., TeraRecon Inc., Viatronix Inc., and a new distribution agreement with Barco NV.
- Regulatory approvals granted in Canada and Australia for ColonCAD™, LungCAD™ and MedicRead Colon; and in Europe for MedicRead Colon.
- First commercial bookings for ColonCAD™.

Highlights post year end

- Preliminary Agreement with the Systems Integration (PACS) Division of Toshiba for the resale of MedicRead Colon in Japan.
- Robust new product pipeline, with both horizontal and vertical diversification into new and existing clinical areas.
- Regulatory interactions for product approvals with the US Food & Drug Administration (FDA) and the Japanese Ministry of Health Labour and Welfare (MHLW) progressing well.
- Strong balance sheet fundamentals should ensure the Company's ability to deliver against key strategic objectives.
- Increasing adoption by national healthcare systems of computerised tomography colonography (CTC) for the screening of colorectal cancer - Medicsight well positioned to benefit from this trend.

David Sumner, Chief Executive of Medicsight PLC, commented: "We are delighted with the progress made in 2007. It has been satisfying to see the Company transform itself, on both corporate and operational fronts, into an entity that is poised to capitalise on the fast growing and fast consolidating Health Care Information Technology (HCIT) sector. Our commercial contract pipeline is very strong and has been reinforced with the recent addition of a preliminary agreement with Toshiba's PACS division in Japan. The forthcoming year will be extremely important for Medicsight with the expected clearance from the FDA and approval from the MHLW, which will unlock significant revenue. Medicsight has proven itself to be capable of not only delivering pioneering and innovative medical imaging software solutions, but also commercialising these products to the benefit of the Company and its shareholders."

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Chairman's Statement

I am pleased to report that during 2007 the Company achieved a number of important milestones which are detailed below. These include the admission of the Company on the AIM market of the London Stock Exchange (MDST); the signing of updated distribution agreements with our partners Vital Images Inc., TeraRecon Inc., and Viatronix Inc., and a new distribution agreement with Barco NV; and the booking of Medicsight's first ColonCAD™ revenues.

The Company's main focus continues to be on developing Computer Aided Detection ("CAD") software applications that help clinicians analyse medical images generated from Computerised Tomography ("CT") scanners for the early detection of potential colonic polyps and lung nodules. In 2007 we made significant progress with our ColonCAD™ product which we believe to be one of the leading software solutions in the global medical imaging market.

Product Development in 2007

ColonCAD™

During the year Medicsight's Research and Development Team made a number of enhancements to ColonCAD™. These have resulted in a further improvement in its detection rate of colonic polyps. According to a recent study, presented by Dr Stuart Taylor (a consultant radiologist at London's University College Hospital), at the annual Radiological Society of North America Conference, ColonCAD™ has demonstrated a sensitivity of 85% for colonic polyps of size 5mm and larger, and 95% for polyps of 10mm and larger. Polyp size is the main criterion for follow-up action after a positive CT Colonography ("CTC") finding; polyps in the 6mm to 9mm range are monitored whilst polyps with a diameter 10mm or greater are recommended for optical colonoscopy follow-up and possible removal. This is our most sensitive ColonCAD™ release to date and has been integrated into the visualisation workstations of our partners. We believe that this version of ColonCAD™ is one of the world's leading colon CAD software solutions. The product has been developed and validated using a large database of CT scans from hospitals around the world and has been assessed in many clinical studies, the results of which have been published in peer-reviewed publications and at leading radiology conferences.

LungCAD™

In 2007 we enhanced our LungCAD™ software application, complementing our LungCAD™ nodule detection and measurement tools with additional features to create a disease management suite which we believe will meet the clinical needs of lung imaging specialists.

The Company's ColonCAD™ and LungCAD™ products have been developed as Application Programming Interfaces ("API") which can be seamlessly integrated into our partners' advanced 3D visualisation workstations to provide a complete visualisation solution.

MedicRead

In May 2007 we launched MedicRead Colon - which is Medicsight's own advanced visualisation software application. MedicRead Colon can be deployed either on a standalone basis or integrated into an existing clinical IT infrastructure. We believe MedicRead Colon is a flexible option for hospitals and clinics unable to invest large capital sums in new image analysis infrastructure. The next version of this product will be released in 2008.

Financial review in 2007

The major financial event of 2007 was the completion of our Initial Public Offering (IPO) and the admission of Medicsight shares on the AIM market of the London Stock Exchange on 21 June 2007. The IPO raised £30.5 million of new money after fees.

Following the IPO, the Company repaid in full the £5.7 million loan from our parent company, MGT Capital Investments Inc., and terminated our £10 million credit facility which had been unused since 2005.

The Company continues to keep a tight rein on expenditure and during 2007, has improved its financial and non-financial

procedures and structures in line with our parent company's Sarbanes-Oxley compliance programme. Close monitoring of costs and procedures will continue in 2008 whilst always ensuring that financial resources are managed appropriately to enable the continuing growth and success of the Company. At 31 December 2007 we had £25.2 million in cash and short term deposits.

Regulatory approvals and submissions in 2007

At the beginning of 2007 the Company's ColonCAD™ and LungCAD™ products had regulatory approval in the European Union (CE Marking).

During 2007 the Company was granted Medical Device Licenses from the Therapeutic Products Directorate of Health Canada and from the Department of Health and Ageing Therapeutic Goods Administration of Australia for ColonCAD™, LungCAD™ and MedicRead Colon. Furthermore MedicRead Colon was granted CE Mark approval in the European Union.

Applications are ongoing for FDA clearance in the USA and for regulatory approval in China, Japan and Brazil. These are expected to be granted in 2008.

Commercialisation progress in 2007

In June 2007 Medicsight signed a distribution agreement with Barco NV who successfully integrated ColonCAD™ into its Voxa 3D ColonMetrix application.

During the course of the year the Company renewed the agreements with three of its existing distribution partners, Vital Images Inc., TeraRecon Inc., and Viatronix Inc., who have all successfully integrated ColonCAD™ into their visualisation software applications. LungCAD™ has also been integrated into TeraRecon's Aquarius application and Viatronix's V3D visualisation software.

In addition to the above distribution agreements we have commercial discussions in progress with other global partners that we expect to complete in 2008.

In 2007 Medicsight invested in the building of a Commercial team to support our distribution partners in anticipation of successful outcomes to our regulatory applications.

Clinical Activity in 2007

The Company's Clinical Development team continued their work with Medicsight's global network of medical luminaries. Our ColonCAD™ application is involved in a number of government funded studies looking at the sensitivity of CTC and the comparison of CTC with existing imaging methods for the early detection of colorectal cancer.

The British Special Interest Group in Gastrointestinal and Abdominal Radiology ("SIGGAR") finished recruiting patients in November 2007 for the largest UK randomised control trial to date. Medicsight's CAD is the only CAD product to be involved in this trial, which compares CTC with two other widely-used imaging approaches, Optical Colonoscopy and X-ray after a barium enema. The results of this study are expected to be available in mid-2008.

The Medicsight ColonCAD™ software is also integrated into the visualisation software used to read CTC examinations for the French STIC trial ("Sciences et Technologies de l'Information et de la Communication" "Information and Communication Science and Technology"). Recruitment for this trial will continue throughout 2008.

The Japanese National Cancer Centre in Tokyo has adopted Medicsight's ColonCAD™ for the first CTC colon cancer screening programme in Japan.

There has also been significant progress in the USA in relation to the acceptance of CTC into mainstream medical practice. In September 2007 the American College of Radiology Imaging Network ("ACRIN") concluded a national trial in the USA to clinically validate the widespread application of CTC as a screening tool for the detection of colon cancer in at-risk populations.

The preliminary results have shown the benefits of CTC in both clinical and economic terms. A further study conducted by the University of Wisconsin Medical Center, the results of which were published in the New England Journal of Medicine in October 2007, supported the use of CTC as a primary screening tool. On 5 March 2008, the American Cancer Society ("ACS") issued new Colorectal Cancer Screening guidelines recommending that CTC be added to the panel of tests that physicians have at their disposal when screening for colorectal cancer. The ACS endorsement is expected to lead to routine reimbursement for CTC by third party insurers and thereby to a material increase in the use of CTC for screening those populations who are most at risk of developing this devastating condition.

CTC as a diagnostic examination for the early detection of colorectal cancer is increasingly becoming accepted as mainstream

clinical practice. The Virtual Screening for Cancer Act 2007 was introduced in the US Congress in December 2007. If passed into law, this would allow CTC to form part of the US Government's Medicare programme and under certain circumstances would allow full reimbursement. This measure should increase the number of CTC examinations performed in the USA and substantially increase the revenue opportunity for Medicsight's ColonCAD™ product. The Company is monitoring this development closely.

Medicsight's products have been profiled at major international radiology conferences throughout 2007. The Company exhibited its ColonCAD™ and MedicRead Colon applications at the Radiological Society of North America ("RSNA") annual meeting in Chicago in November 2007; the European Congress of Radiology ("ECR") annual meeting in Vienna in March 2007; and the European Society of Gastrointestinal and Abdominal Radiology ("ESGAR") in June 2007; as well as exhibiting at other international radiology conferences.

In Japan, Medicsight supported, in cooperation with Toshiba Medical Systems ("Toshiba"), two CTC training workshops for radiologists at the Japanese Radiological Society ("JRS"), the largest Japanese radiology congress, and the Japan Digestive Disease Week ("JDDW") conference, the largest Japanese gastroenterological conference. Within the training programmes, the effectiveness of ColonCAD™ was demonstrated reflecting the way that it is used at the Japanese National Cancer Centre Tokyo. As a result of the success of these workshops, additional training programmes are planned for 2008.

In 2007 Medicsight continued its support of education within the international medical community by sponsoring US and European CTC workshops. These workshops train radiologists to interpret CTC images using the latest visualisation and CAD technology.

Significant events since December 2007

In February 2008 Medicsight announced it had signed a Preliminary Agreement with the Systems Integration (PACS) Division of Toshiba Medical Systems ("Toshiba") for the resale of MedicRead Colon in Japan.

Under this Preliminary Agreement, Toshiba has committed to work with the Company to obtain Japanese Ministry of Health, Labour and Welfare ("MHLW") regulatory approval for MedicRead Colon. This application was submitted in November 2007 and we anticipate will be granted during 2008.

Both the Company and Toshiba consider this to be the start of a long term relationship for the development of CTC in Japan and both companies anticipate capitalising on further commercial opportunities.

Conclusion

Medicsight made significant progress in 2007 and, as it enters 2008, has maintained its reputation as one of the world's leading developers of CAD software.

The Company maintains its competitive advantage and is protected by several barriers to entry, including its patents and trademarks and its comprehensive CT scan database of clinically verified CT scans. This is one of the world's largest and most population diverse verified patient databases against which the Medicsight software has been validated. Medicsight is also supported by the strong clinical relationships it has developed with medical luminaries around the world.

Following the IPO, Medicsight is in a strong financial position which enables us to continue investment in research and development to bolster our expanding product portfolio.

As your Chairman, I believe that your Company is in a very strong position in 2008 to capitalise on the achievements of 2007 and on behalf of the Board I would like to thank you for your continuing support.

TIM PATERSON-BROWN
Chairman
17 March 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	2007	2006	
	£000	£000	
	(unaudited)		
Revenue	20	-	
Cost of sales	-	-	
	<u> </u>	<u> </u>	
Gross profit	20	-	
Sales & marketing expense	(1,441)	(806)	*
Research & development expense	(1,240)	(1,161)	
Administration expense	(4,243)	(3,720)	*
Share based expense	(831)	(291)	*
	<u> </u>	<u> </u>	
Operating loss	(7,735)	(6,978)	
Finance revenue	803	63	
Finance cost	(71)	979	
	<u> </u>	<u> </u>	
Loss before taxation	(7,003)	(4,936)	
Income tax expense	-	-	
	<u> </u>	<u> </u>	
Loss for the year	(7,003)	(4,936)	
	<u> </u>	<u> </u>	
Loss per share (basic and diluted)	(5p)	(6p)	
	<u> </u>	<u> </u>	

*Certain 2006 costs have been reclassified between administration expense, share based expense and sales and marketing expense.

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	2007	2006
	£000	£000
	(unaudited)	
ASSETS		
Current assets		
Cash and short term deposits	25,246	6,164
Trade and other receivables	707	784
	-----	-----
	25,953	6,948
Non current assets		
Property plant and equipment	176	130
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Total assets	26,129	7,078
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LIABILITIES		
Current liabilities		
Trade and other payables	1,671	1,300
Non current liabilities		
Debt	-	5,599
	-----	-----
Total liabilities	1,671	6,899
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Net assets	24,458	179
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SHAREHOLDERS' EQUITY		
Ordinary shares	7,776	6,322
Share premium	57,306	28,311
Share based payment reserve	1,236	405
Currency translation reserve	(6)	(23)
Retained earnings	(41,854)	(34,836)
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Total shareholders' equity	24,458	179
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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007	2006
	£000	£000
	(unaudited)	
Cash flows from operating activities		
Cash used in operations	(6,349)	(4,519)
Interest received	803	63
Interest paid	(1,645)	-
	-----	-----
Net cash from operating activities	(7,191)	(4,456)
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Cash flows from investing activities		
Intercompany funding	(15)	-
Purchase of equipment	(149)	(127)
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Net cash used in investing activities	(164)	(127)
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Cash flows from financing activities		
Net proceeds from issues of ordinary share capital	30,449	6,292
Finance lease principal repayments	(4)	(10)
New borrowings	-	353
Repayment of intercompany debt	(4,025)	-
	-----	-----
Net cash used in financing activities	26,420	6,635
	-----	-----
Effects of exchange rate changes	17	(15)
Net increase in cash and cash equivalents	19,082	2,037
Cash and cash equivalents at 1 January	6,164	4,127
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Cash and cash equivalents at 31 December	25,246	6,164
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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2007

(unaudited)	Share Capital	Share Premium	Share based payment reserve	Currency translation reserve	Retained earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 January 2006	4,322	11,019	114	(8)	(29,900)	(14,453)
Loss for the financial year	-	-	-	-	(4,936)	(4,936)
Net exchange adjustments	-	-	-	(15)	-	(15)
Total recognised income and expense	-	-	-	(15)	(4,936)	(4,951)
Equity settled share based payments	-	-	291	-	-	291
Nominal value of ordinary shares issued	2,000	-	-	-	-	2,000
Premium on ordinary shares issued	-	18,000	-	-	-	18,000
Share issue costs	-	(708)	-	-	-	(708)
At 31 December 2006	6,322	28,311	405	(23)	(34,836)	179
Loss for the financial year	-	-	-	-	(7,003)	(7,003)
Pre-acquisition retained loss	-	-	-	-	(15)	(15)
Net exchange adjustments	-	-	-	17	-	17
Total recognised income and expense	-	-	-	17	(7,018)	(7,001)
Equity settled share based payments	-	-	831	-	-	831
Nominal value of ordinary shares issued	1,454	-	-	-	-	1,454
Premium on ordinary shares issued	-	30,545	-	-	-	30,545
Share issue costs	-	(1,550)	-	-	-	(1,550)
At 31 December 2007	7,776	57,306	1,236	(6)	(41,854)	24,458

NOTES TO PRELIMINARY RESULTS

The financial information set out above has been prepared in accordance with International Financial Reporting Standards (IFRS) and those parts of the Companies Act 1985 that remain applicable to companies reporting under IFRS and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The Company's auditors have indicated that they intend to issue an unqualified auditor's report, which will not contain any statement under Section 237(2) or (3) of the Companies Act 1985, on the statutory financial statements for the year ended 31 December 2007.

There have been no changes to the group accounting policies and the group has followed the policies as previously published.

Loss per share and diluted loss per share

Loss per share is calculated by dividing the loss attributable to ordinary shareholders for each year amounting to £7,003,000 (2006: £4,936,000) for the year ended 31 December 2007 by 141,896,000 (2006: 86,872,000), being the weighted average number of ordinary shares in issue during each year.

For the purposes of dilution, share options are non-dilutive.