

May 12<sup>th</sup>, 2010

**Medical Compression Systems (MCS) Today Reported Financial Results For Its 2010 First Quarter, Reporting an Increase Of 136% in Revenue Compared With the Corresponding 2009 Quarter**

The company also recorded a 210% increase in gross profit compared with the corresponding 2009 quarter. Its gross profits and gross profit margins are the company's best-ever returns.

During the first quarter, there was an increase of 43% in sales of the company's second-generation SFT product, compared with the previous quarter.

Adi Dagan, the company's CEO stated, "...we are completing a first quarter, which was noted for increased demand and interest in our SFT product. From the beginning of 2010 and up to now, we have been working with 10 new medical centers in the United States. This is a direct result of our increased US sales and marketing efforts. "

**Significant Events During the Report Period And Afterwards**

- **From the beginning of 2010, and up to the issue of this release, MCS has become active in 10 new medical centers in the United States with sales of the company's Active Care + SFT<sup>®</sup> product for the prevention of Deep Vein thrombosis after surgical intervention. These centers carry out 11,000 procedures in the field each year. The company expects that in the coming year, it will enjoy a 25% penetration rate in these centers.**
- **The Journal of Bone and Joint Surgery recently published test results of the Active Care + SFT<sup>®</sup> product in a lead editorial at an annual US orthopedic conference.**
- **A former vice president of Sanofi – Aventis, was appointed President of MCS's US subsidiary.**

Medical Compression Systems (MCS) Reported Financial Results For Its 2010 First Quarter

**2010 First Quarter Results**

**Company revenue** during the quarter totaled \$1.3 million, compared with \$560,000 during the corresponding quarter last year, reflecting an increase of 136% and an increase of 28% vis-à-vis company revenue during 2009's fourth quarter. The increase in revenue results primarily from an increase in SFT sales and direct sales to medical centers, which previously

had purchased MCS products through its US distributor. **Gross profit** totaled \$673,000, or 50.9% of its turnover, compared with \$217,000 or 38.8% of its turnover during 2009's corresponding quarter.

The increase in gross profit and gross profit margin vis-à-vis the corresponding period last year results primarily from an increase in SFT product sales, which yield higher profits, an increase in direct sales to US medical centers, and an increase in sales to the company's distributor in Japan, where gross profit margins are higher.

**The operating loss** totaled \$526,000, compared with \$371,000 during the corresponding period last year. The increase in the operating loss results from an increase in marketing and selling expenses, which reflects more intensive penetration into the SFT product market, mainly following the recruitment of a senior management team as part of the company's marketing strategy.

**The quarter's loss** totaled \$751,000 compared with \$701,000 during the corresponding period last year.

**Cash used for operating activities** as of March 31, 2010 totaled \$295,000, compared with \$642,000 during the corresponding period last year.

**Adi Dagan, MCS's CEO added:**

"...We are completing a quarter which was noted for an increase in demand and interest for our SFT product, matched by an increase in first-generation products. From the beginning of the year and up to today, we have started to operate in 10 new medical centers in the United States, a direct result of our intensive efforts to access new markets. At this stage, we are taking steps to strengthen our selling and marketing framework, so that we will be able to offer a timely response to increasing demand. As part of this strategy, we have recruited a president for our US subsidiary, as well as a vice president for our US sales and marketing operations. These new recruits bring many years of experience in the fields in which we operate. We believe that during 2010 we will take more steps to position MCS as a leading player in its field, and will advance in our efforts to enter new medical centers."

**About The Company:**

Medical Compression Systems is a leading company in the non-invasive medical instrument field for the improvement of blood flows, using a pneumatic device. The company has developed a product to prevent the deep vein thrombosis syndrome, as a result of trauma or surgical intervention. MCS is the first company that has offered the international medical world a noninvasive solution, which could replace today's drug treatment programs, which are hindered by significant drawbacks that can lead to serious bleeding. The company holds FDA approval to market and sell its products in the United States, and CE approval to market and sell its products in Europe.

**Forward-Looking Information:**

Estimates included in this release, including with respect to the volume of the company's expected activities, are forward-looking statements, as this term is defined by Securities Law, 5728-1968. There is no certainty that these statements will be realized. The company's estimates are based on various business assumptions, past experience and professional information. These estimates may not materialize, in whole or in part, or upon realization

may be significantly different from that originally expected by the company, for various reasons, including a change in market trends, competition, the global or local economic situation, and regulatory changes.