MISSISSAUGA, ONTARIO, August 23, 2004 - Prism Medical Ltd. ("Prism" or "the Company") (PM:TSX-VEN) today announced that it has agreed in principle on the material terms of its previously announced private placement. The proceeds will be used to fund the cash portion of the purchase price for the acquisitions in the U.K. previously announced on March 29, 2004, and to provide working capital for the acquired businesses and Prism's other businesses.

Prism proposes to issue on the private placement an aggregate of approximately $11,000,000 of 8% convertible subordinated debentures with a term of 7 years. The debentures will be convertible into common shares of Prism at a conversion price of $3.75 per share and will be secured by a pledge of the shares of Prism's key operating subsidiaries and a floating charge over Prism's remaining assets. The security will rank behind the security held by Prism's senior lenders and behind the security to be granted to the vendors on the UK acquisition for the promissory notes to be issued to them in partial consideration for the acquisition.

Prism expects existing insiders to purchase an aggregate of up to $2,500,000 of the $11,000,000 of debentures. The percentage equity interest of these insiders on a fully diluted basis assuming conversion of all debentures (individually and as a group) is expected to be less than their current percentage equity interests.

The completion of the financing is conditional on, among other things, investor due diligence, Prism board approval as contemplated above, and all required regulatory approvals and consents.

As previously announced, the consideration for the UK acquisitions was to be satisfied by a combination of cash, promissory notes and common shares in the capital of Prism. The common shares were to be issued at the same price per common share as those issued by Prism to finance the cash portion of the purchase price. Because Prism intends to finance the cash portion by issuing convertible debentures rather than common shares, Prism and the vendors have agreed to fix the common share portion of the consideration at an aggregate of 750,000 common shares, which does not represent a material change in the overall consideration.

Prism is a holding company whose subsidiaries include Waverley Glen Systems Limited ("Waverley Glen"), North America's premier ceiling lift manufacturer with distribution across Canada and the U.S. and Westholme Limited, the largest distributor of moving and handling products in the U.K. Ceiling lifts are considered a superior method to lift, reposition and transfer mobility-impaired patients. Waverley Glen's portable and fixed ceiling products are sold in the homecare and institutional medical markets through specialized full service dealers.

For further information, please contact:

Andrew McIntyre
President
Prism Medical Ltd.
Tel: (905) 361-2444
prism@prismmedicalltd.com

Don Harkness
Chief Financial Officer
Prism Medical Ltd.
Tel: (905) 361-2444
dharkness@prismmedicalltd.com

Prism Medical Ltd.
5995 Avebury Road, Suite 806
Mississauga, Ontario L5R 3T8
Tel: (905) 361-2444 Fax: (905) 361-2449
www.prismmedicalltd.com