

VIKING SYSTEMS, INC. REPORTS 46 PERCENT INCREASE IN 2006 REVENUES

SAN DIEGO, March 27, 2007 -- Viking Systems, Inc. (OTC BB:VKS.Y.OB), a designer, manufacturer and marketer of high-performance laparoscopic vision systems for use in minimally invasive surgical (MIS) procedures, today reported financial results for the year ended December 31, 2006.

For the year-ended December 31, 2006, Viking Systems reported revenues of \$5.6 million compared to revenues of \$3.8 million in 2005, an increase of 46%. The higher revenues resulted from increased sales in both the Viking 3Di vision system and OEM products and services.

Gross margins improved to approximately \$1.7 million, or 30% for the year, compared to \$0.9 million, or 24%, in the comparable year-ago period. The increased gross margin was due primarily to increased sales and a mix of higher margin product revenues.

Operating expenses were \$8.5 million for the year ended December 31, 2006 compared with \$5.4 million last year. The increase in operating expenses was a result of additional administrative personnel, higher marketing costs, the establishment of a sales force, and continued research and development efforts. For the full year, net loss was \$8.7 million versus \$7.5 million last year, and the loss per share was \$0.33 versus \$0.23.

"We are extremely pleased with the increase in revenues for the year and with our progress in positioning the business for growth," stated Donald E. Tucker, President and Chief Executive Officer of Viking Systems. "In 2006 we focused on building a global sales and distribution network, continued research and development, expanded our product portfolio and invested in clinical marketing. I would like to commend our management team and employees for our results, and for their focus and dedication to our mission of delivering integrated high-performance surgical, information, visualization, and instrumentation solutions to the surgical market and to our OEM customers. As a result of their hard work and commitment, we are on course to establishing a premium position in the market for our business, our technologies and our solutions.

"In 2006 we developed solid momentum in the market for both our 3Di and OEM technology and solutions, and in 2007 we will continue to fuel our growth with an aggressive sales and marketing strategy designed to position Viking in key markets and with leading hospitals around the globe. Combined with increased exposure through trade shows, public relations outreach, clinical studies and patient-centered communications, we intend to earn and leverage our premium position in the market. We will also continue our focus in the specialty segments of urology, general surgery and laparoscopic gynecology, and we will aggressively evaluate other specialties that we believe could benefit from our technology and expertise," Mr. Tucker continued.

Viking has approximately 100 3-D systems in place at hospitals throughout the U.S. and in locations across the globe including Italy, The Netherlands, Germany, Sweden, Korea and Australia. The Company has OEM partnerships with leading-edge companies including Medtronic and Boston Scientific.

Viking Systems also reported that its financial statements for the fiscal year ended December 31, 2006, included in the Company's Annual Report on Form 10-KSB filed on March 26, 2007, contain a going concern explanatory paragraph from its independent registered public accounting firm. As of December 31, 2006, the Company had cash and cash equivalents of approximately four hundred forty thousand dollars. This amount does not include any of the net proceeds from the Company's previously announced \$5.4 million convertible debt financing, which closed on February 24, 2007. We believe that these sources of liquidity, including the

February 2007 convertible debt financing and together with anticipated 2007 product revenues and interest income, may be sufficient to operate our business for the foreseeable future. However, increases in expenses or delays in product development or failure to achieve our sales projections may adversely impact our cash position and may require cost reductions or require the Company to seek additional financing.

About Viking Systems, Inc.

Viking Systems, Inc. is a designer, manufacturer and marketer of FDA-cleared, CE-marked, high-performance laparoscopic vision systems. The Company's primary branded product is the 3Di Digital Vision System, an advanced three-dimensional (3-D) vision system used by surgeons for complex minimally invasive laparoscopic surgery, with an initial focus on applications in urology, gynecology, bariatrics and general surgery. Viking also manufactures advanced two-dimensional (2-D) 2Di Digital Vision Systems for targeted configurations and channels, as well as 2D cameras and components, sold through strategic partners and OEM programs.

Statements contained in this press release regarding matters that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements regarding Viking's goals, its prospects for growth and its marketing efforts. Risks that contribute to the uncertain nature of the forward-looking statements include: risks related to the effectiveness of its marketing program, its ability to continue to obtain funding, its ability to maintain sales momentum, and costs associated with internal development, partnership and in-licensing activities. These and other risks and uncertainties are described more fully in Viking's most recently filed SEC documents, including its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, under the headings "Risk Factors." All forward-looking statements contained in this press release speak only as of the date on which they were made. Viking undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they were made.

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