Half Year Report 2019

Letter to Shareholders

Dear Shareholders

The first half of 2019 was marked by continued growth in core operating revenues and profitability. The results further underline the Company's position as a telehealth leader in its respective markets.

In addition to the positive core operating performance during this period, the Company generated performance based revenues of USD 2.0 m from a Chronic Disease Management Services contract in Germany, further demonstrating the effectiveness and the value of the Company's Chronic Disease Management programs.

Revenues during the period were USD 19.8 m, excluding performance based revenues of USD 2.0 m as mentioned above, up from USD 19.2 m in constant currency[1] in the 1st half of 2018, representing a 3% growth. EBITDA for the period, excluding performance based revenues, was USD 4.1 m, compared to an EBITDA of USD 3.8 m in constant currency[1] in the first half of 2018, representing a growth of 8%. Net income for the period was USD 4.0 m (including USD 2.0 m performance based revenues) compared to a net income of USD 8.1 m in constant currency[1] in the first half of 2018 (including USD 8.2 m performance based revenues). The Company generated an operational free cash flow of USD 5.5 m during the period.

In Germany, revenues for the period grew by 5%, in constant currency[1], to USD 9.3 m, excluding performance based revenues of USD 2.0 m. The growth is a result of increased customer activity and growth of patients being monitored on the platform during the period. Changes in the German Telehealth legislation will result in new opportunities which the company expects to capitalize in the coming years.

In Israel, revenues remained stable at USD 10.3 m compared to the 1st half of 2018, in constant currency, and the Israeli operation continued to contribute profitability to the Group.

The company announced in August of this year that it will be expanding into the Netherlands with the acquisition of Kadima BV / 24CARE Inkoop BV, subject to signing a definitive agreement. The Company signed an agreement to acquire 51% of Kadima, the 100% owner of 24CARE Inkoop BV, and has an option to acquire the remaining 49% within 24 months of closing. 24CARE Inkoop BV is a leading provider of arrhythmia monitoring services in the Dutch market and has also been expanding into chronic care, working with leading Dutch hospitals on Congestive Heart Failure (CHF) patient management to reduce cost of care and improve outcomes. With this acquisition, the Company will expand its geographic footprint in Europe and reinforce SHL as the clear European telemedicine leader. 24CARE is expected to generate annual revenues of € 3 to € 4 m in 2019 and will be accretive to SHL.

The Company distributed a dividend to its shareholders of USD 1.00 per share during the period and had cash reserves $4.5m as of June 30, 2019.

On behalf of the Board of Directors and the management team, we thank all employees for their hard work and our business partners and shareholders for the trust they have placed in SHL.

Sincerely,

Yariv Alroy	**Yoav Rubinstein**
Chairman of the Board	CEO

1 Constant Currency – in order to enable meaningful comparison between 1HY 2019 and 1HY 2018 results, 1HY 2018 results are also presented at 1HY 2019 constant currency exchange rates. Management believes that this presentation enables a more meaningful comparison between the periods due to the significant fluctuations in NIS/USD/EUR exchange rates during the period.

SHL Telemedicine Ltd.
1 January - 30 June

Half-Year Report 2019

INDEX

The Shareholders and Board of Directors
SHL Telemedicine Ltd.

Auditors' review report to the shareholders and board of directers of SHL Telemedicine Ltd.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of SHL Telemedicine Ltd. ("the Company") and its subsidiaries as of June 30, 2019, which comprise the interim consolidated balance sheet as of June 30, 2019, and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Tel-Aviv, Israel
September 18, 2019

Kost Forer Gabbay and Kasierer

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED BALANCE SHEETS U.S. dollars in thousands

	June 30,		December 31,
	2019	2018	2018
	Unaudited		Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4,531	3,950	4,428
Short-term investments	-	4,590	4,422
Trade receivables	4,477	14,925	6,821
Inventory	1,246	1,859	1,303
Other accounts receivable	7,344	7,548	6,283
	17,598	32,872	23,257
NON-CURRENT ASSETS:			
Prepaid expenses	3,253	3,279	3,078
Long-term deposits	123	845	221
Right-of-use assets	3,000	-	-
Deferred taxes	2,808	2,753	2,662
	9,184	6,877	5,961
PROPERTY AND EQUIPMENT, NET	3,255	3,860	3,543
GOODWILL	16,462	16,217	15,817
INTANGIBLE ASSETS, NET	6,640	8,089	6,949
Total assets	**53,139**	**67,915**	**55,527**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED BALANCE SHEETS U.S. dollars in thousands

	June 30,		December 31,
	2019	2018	2018
	Unaudited		Audited
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities	1,460	11,559	932
Current maturities of lease liabilities	315	-	-
Deferred revenues	1,489	2,055	1,626
Income taxes payable	1,518	1,678	1,531
Trade payables	1,005	1,085	1,078
Other accounts payable	10,486	12,718	11,140
	16,273	29,095	16,307
NON-CURRENT LIABILITIES:			
Long-term loans	-	205	-
Deferred revenues	161	231	180
Deferred taxes	444	591	521
Lease liabilities	2,712	-	-
Employee benefit liabilities	933	843	835
	4,250	1,870	1,536
Total liabilities	20,523	30,965	17,843
EQUITY:			
Issued capital	31	31	31
Additional paid-in capital	96,647	96,284	96,503
Treasury shares	(2,347)	(2,392)	(2,347)
Foreign currency translation reserve	(1,339)	(1,767)	(2,653)
Capital reserve for remeasurement gains on defined benefit plans	508	558	508
Accumulated deficit	(60,884)	(55,764)	(54,358)
Total equity	32,616	36,950	37,684
Total liabilities and equity	**53,139**	**67,915**	**55,527**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

September 18, 2019	Yariv Alroy	Yoav Rubinstein
Date of approval of the financial statements	Chairman of the Board	CEO

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands (except per share amounts)

	Six months ended June 30,		Year ended December 31,
	2019	2018	2018
	Unaudited		Audited
Revenues for the period	21,814	29,017	48,863
Cost of revenues	8,850	9,916	18,649
Gross profit	12,964	19,101	30,214
Research and development costs	1,126	1,416	2,911
Selling and marketing expenses	3,732	3,730	7,470
General and administrative expenses	3,812	3,644	7,993
Other expenses	108	-	582
Other income	-	-	(729)
Operating profit	4,186	10,311	11,987
Financial income	251	161	244
Financial expenses	(262)	(483)	(766)
Profit before taxes on income	4,175	9,989	11,465
Taxes on income	198	1,254	1,324
Net profit	3,977	8,735	10,141
Other comprehensive income (loss):			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss on defined benefit plans	-	-	(50)
	-	-	(50)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve	1,314	(1,364)	(2,250)
	1,314	(1,364)	(2,250)
Total other comprehensive income (loss)	**1,314**	**(1,364)**	**(2,300)**
Total comprehensive income	5,291	7,371	7,841
Earnings per share:			
Basic and diluted earnings	**0.38**	**0.83**	**0.96**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Issued capital	Additional paid-in capital	Treasury shares	Foreign currency translation reserve	Capital reservs for remeasurement gains on defined benefit plans	Accumulated deficit	Total
Balance as of January 1, 2018 (audited)	31	95,951	(2,429)	(403)	558	(64,499)	29,209
Share-based payments	-	634	-	-	-	-	634
Exercise of options	-	(82)	82	-	-	-	-
Net profit	-	-	-	-	-	10,141	10,141
Total other comprehensive income (loss)	-	-	-	(2,250)	(50)	-	(2,300)
Balance as of December 31, 2018 (audited)	**31**	**96,503**	**(2,347)**	**(2,653)**	**508**	**(54,358)**	**37,684**
Share-based payments	-	144	-	-	-	-	144
Dividend paid	-	-	-	-	-	(10,503)	(10,503)
Net profit	-	-	-	-	-	3,977	3,977
Total other comprehensive income	-	-	-	1,314	-	-	1,314
Balance as of June 30, 2019 (unaudited)	**31**	**96,647**	**(2,347)**	**(1,339)**	**508**	**(60,884)**	**32,616**

	Issued capital	Additional paid-in capital	Treasury shares	Foreign currency translation reserve	Capital reservs for remeasurement gains on defined benefit plans	Accumulated deficit	Total
Balance as of January 1, 2018 (audited)	31	95,951	(2,429)	(403)	558	(64,499)	29,209
Share-based payments	-	370	-	-	-	-	370
Exercise of options	-	(37)	37	-	-	-	-
Net profit	-	-	-	-	-	8,735	8,735
Total other comprehensive income (loss)	-	-	-	(1,364)	-	-	(1,364)
Balance as of June 30, 2018 (unaudited)	**31**	**96,284**	**(2,392)**	**(1,767)**	**558**	**(55,764)**	**36,950**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30, 2019	Six months ended June 30, 2018	Year ended December 31, 2018
	Unaudited	Unaudited	Audited
Cash flows from operating activities:			
Net profit	3,977	8,735	10,141
Adjustments required to reconcile net profit to net cash provided by operating activities:			
Income and expenses not involving operating cash flows:			
Depreciation and amortization	1,825	2,572	3,982
Capital loss from property and equipment	3	39	130
Impairment of property and equipment	-	-	28
Impairment of intangible assets	-	-	458
Change in employee benefit liabilities, net	65	52	13
Financial expenses, net	(93)	214	330
Cost of share-based payments	144	370	634
Other	(88)	29	30
Taxes on income	198	1,254	1,324
	2,054	4,530	6,929
Changes in operating assets and liabilities:			
Decrease (increase) in trade receivables, net	2,726	(9,931)	(1,433)
Decrease in inventory	148	263	513
Decrease (increase) in prepaid expenses	(18)	(45)	79
Decrease (increase) in other accounts receivable	(1,092)	967	2,036
Increase (decrease) in trade payables	(104)	173	186
Increase (decrease) in deferred revenues	(160)	527	65
Decrease in other accounts payable	(996)	(2,078)	(3,523)
	504	(10,124)	(2,077)
Cash paid and received:			
Interest received	22	58	140
Interest paid	(20)	(227)	(315)
Income taxes paid	(208)	(1,696)	(2,062)
	(206)	(1,865)	(2,237)
Net cash provided by operating activities	**6,329**	**1,276**	**12,756**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,		Year ended December 31,
	2019	2018	2018
	Unaudited		Audited
Cash flows from investing activities:			
Purchase of property and equipment	(146)	(372)	(540)
Investment in intangible assets	(656)	(353)	(707)
Proceeds from deposit	1,086	-	631
Purchase of short-term investments	(244)	(673)	(1,241)
Proceeds from sale of short-term investments	3,818	557	1,115
Net cash provided by (used in) investing activities	**3,858**	**(841)**	**(742)**
Cash flows from financing activities:			
Dividend paid	(10,503)	-	-
Payment of lease liabilities	(160)	-	-
Payment of long-term loans	(822)	(2,034)	(5,476)
Short-term loans, net	1,294	-	(7,506)
Net cash used in financing activities	**(10,191)**	**(2,034)**	**(12,982)**
Effect of exchange rate changes on cash and cash equivalents	107	(134)	(287)
Increase (decrease) in cash and cash equivalents	103	(1,733)	(1,255)
Cash and cash equivalents at the beginning of the period	4,428	5,683	5,683
Cash and cash equivalents at the end of the period	**4,531**	**3,950**	**4,428**
Significant non-cash transactions:			
Recognition of right-of-use assets and corresponding liabilities	**1,036**	**-**	**-**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

NOTE 1 | GENERAL

a. These consolidated financial statements have been prepared in a condensed format as of June 30, 2019 and for the six months then ended. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and accompanying notes of SHL Telemedicine Ltd. ("the Company") as of December 31, 2018 and for the year then ended ("the annual financial statements").

b. Following are data regarding the Israeli CPI and the exchange rates of the Euro, U.S. dollar and the Swiss Franc in relation to the new Israeli Shekel (NIS):

	Israeli		Exchange rate	
	CPI	€ 1	U.S. $ 1	CHF 1
For the period ended	Points		NIS	
June 30, 2019	225.3	4.06	3.57	3.66
June 30, 2018	223.6	4.25	3.65	3.67
December 31, 2018	223.3	4.29	3.75	3.81
Change during the period	%	%	%	%
June 2019 (6 months)	0.9	(5.4)	(4.9)	(3.8)
June 2018 (6 months)	0.1	2.4	5.4	3.3
December 2018 (12 months)	0.7	3.4	8.4	7.3

* The index on an average basis of 1993 = 100.

NOTE 2 | SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim condensed consolidated financial statements:

The interim condensed consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting.

The significant accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements, except as described below. Certain comparative data in the interim June 2018 financial statements were reclassified to conform with the current year's presentation.

b. IFRIC 23, "Uncertainty over Income Tax Treatments":
In June 2017, the IASB issued IFRIC 23, "Uncertainty over Income Tax Treatments" ("the Interpretation"). The Interpretation clarifies the rules of recognition and measurement of assets or liabilities in accordance with the provisions of IAS 12, "Income Taxes", in situations of uncertainty involving income taxes. The Interpretation provides guidance on considering whether some tax treatments should be considered collectively, examination by the tax authorities, measurement to reflect uncertainty involving income taxes in the financial statements and accounting for changes in facts and circumstances underlying the uncertainty.

The initial adoption of the Interpretation for the first time in 2019 had no material impact on the Company's financial statements.

c. Leases:
As detailed in paragraph c(1) below regarding the initial adoption of IFRS 16, "Leases" ("the Standard"), the Company chose to apply the provisions of the Standard using the modified retrospective approach (without restatement of comparative data).

The accounting policy for leases applied before December 31, 2018, is as described in Note 2h in the annual Consolidated Financial statements.
The accounting policy for leases applied effective from January 1, 2019, is as follows:

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

1. The Company as a lessee:
For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Company has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

Leases which entitle employees to a company car as part of their employment terms are accounted for as employee benefits in accordance with the provisions of IAS 19 and not as subleases.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life or the lease term. The Company tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

2. Variable lease payments that depend on an index:
On the commencement date, the Company uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

3. Lease extension and termination options:

A non-cancellable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

4. Lease modifications:

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

d. Initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards:

1. Initial adoption of IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases" ("the Standard"), which supersedes IAS 17, "Leases" ("the old Standard"), IFRIC 4, "Determining Whether an Arrangement Contains a Lease", and SIC-15, "Operating Leases - Incentives". According to the Standard, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

The effects of the adoption of the Standard are as follows:

- According to the Standard, lessees are required to recognize all leases in the statement of financial position (excluding certain exceptions, see below). Lessees will recognize a liability for lease payments with a corresponding right-of-use asset, similar to the accounting treatment for finance leases under the old standard, IAS 17, "Leases". Lessees will also recognize interest expense and depreciation expense separately.
- In the event of changes in variable lease payments that are dependent on an index, a lessee is required to remeasure the lease liability and record the effect of the remeasurement as an adjustment to the carrying amount of the right-of-use asset.
- The Standard includes two exceptions which allow lessees to account for leases based on the existing accounting treatment for operating leases - leases for which the underlying asset is of low value and short-term leases (up to one year).

The Standard has been applied for the first time in these financial statements. As permitted by the Standard, the Group elected to adopt the provisions of the Standard using the modified retrospective method whereby the carrying amount of the right-of-use assets is identical to the carrying amount of the lease liability.

According to this approach, comparative data have not been restated. The carrying amount of the lease liability as of the date of initial adoption of the Standard is calculated using the Company's incremental borrowing rate on the date of initial adoption of the Standard.

See details of the accounting policy applied from the date of initial adoption of the Standard in paragraph b above.

The main effect of the initial adoption of the Standard relates to existing leases in which the Company is the lessee. According to the Standard, as explained in paragraph b above, excluding certain exceptions, the Company recognizes a lease liability and a corresponding right-of-use asset for each lease in which it is the lessee. This accounting treatment is different than the accounting treatment applied under the old Standard according to which the lease payments in respect of leases for which substantially all the risks and rewards incidental to ownership of the leased asset were not transferred to the lessee were recognized as an expense in profit or loss on a straight-line basis over the lease term.

Following are data relating to the initial adoption of the Standard as of January 1, 2019, in respect of existing leases as of that date:

a) Effects of the initial application of the Standard on the Company's financial statements as of January 1, 2019:

	According to the previous accounting policy	The change	As presented according to IFRS 16
		USD in thousands	
As of January 1, 2019:			
Non-current assets:			
Right-of-use assets	-	1,962	1,962
Current liabilities:			
Current maturity of lease liabilities	-	224	224
Non-current liabilities:			
Lease liabilities	-	1,738	1,738

b) A weighted average incremental borrowing rate of 3.8% was used to discount future lease payments in the calculation of the lease liability on the date of initial adoption of the Standard.

c) Reconciliation of total commitment for future minimum lease payments as disclosed in Note 20 to the annual consolidated financial statements as of December 31, 2018, to the lease liability as of January 1, 2019:

	January 1, 2019
	USD in thousands
Total future minimum lease payments for non-cancellable leases as per IAS 17 according to the financial statements as of December 31, 2018	1,243
Effect of short-term leases and/or leases of low value assets whose lease payments are recognized as an expense on the straight-line basis over the lease term	(1,174)
Effect of changes in expected exercise of lease extension and/or termination options	2,299
Total undiscounted lease liabilities as per IFRS 16	2,368
Effect of discount of future lease payments at the Company's incremental borrowing rate on initial date of adoption	406
Total lease liabilities resulting from initial adoption of IFRS 16 as of January 1, 2019	1,962

d) Practical expedients applied in the initial adoption of the Standard:

1. The Company elected not to reassess based on the principles in the Standard whether contracts are or contain a lease, and instead continued to classify contracts as leases that were previously identified as leases under IAS 17.
2. The Company elected not to recognize a lease liability and right-of-use asset for leases whose term ends within 12 months of the date of initial adoption, and instead accounted for such leases as short-term leases.
3. The Company elected to use hindsight in determining the lease term in contracts containing options to extend or terminate the lease.

NOTE 3 | REVENUES

	Six months ended June 30,		Year ended December 31,
	2019	2018	2018
	Unaudited		Audited
Revenues for services performed during the period	19,201	19,515	39,039
Revenues from sale of devices	591	624	1,198
Performance-based revenues*	2,022	8,878	8,626
	21,814	29,017	48,863

* Due to the significant variability of the various factors that can affect the level of cost savings and the resulting difficulty in measuring such cost savings reliably, the Company recognizes revenues from performance-based contracts only after receiving final data as to the actual cost savings. In the current reporting period the Company recognized performance-based revenues in the amounts of $755 with respect of cost savings arising from 2017 and $1,267 with respect of cost savings arising from 2015.

NOTE 4 | MATERIAL EVENTS DURING THE REPORTING PERIOD

a. During the period, the Special General Meeting approved the grant of 18,000 options to a director, under the 2015 Executive and Key Employee Israeli Share Option Plan. The options shall vest over a period of 3 years after appointment (33% on December 10, 2019, and 8.33% each quarter thereafter). The weighted average fair value of options granted is CHF 1.113 ($ 1.112). The weighted average fair value was estimated based on the binomial model using the following data and assumptions: share price - CHF 6.88; exercise price - CHF 7.70; expected volatility - 36.68%; risk free interest rate - 0%; expected dividend - 0%; and expected average life of options - 3.56 years.

b. On March 27, 2019, the Board of Directors of the Company approved a distribution of a dividend in the amount of USD 1.00 per share totaling approximately USD 10.5 million, which was paid on April 16, 2019 to shareholders on record as of April 11, 2019.

NOTE 5 | SEGMENT INFORMATION

As presented in the annual financial statements, the Group operates in two main geographic segments: Israel and Europe (principally Germany). Revenues are allocated based on the location of the end customer. The Group presents disaggregated revenue information based on types of customers: Individual customers and communities, Institutions and payers (income from service agreements with institutions, insurance companies and HMOs), and others.

a. Segment revenues:

	Individuals and communities	Institutions and payers	Others	Total
Six months ended June 30, 2019 (unaudited):				
Europe*	-	11,337	-	11,337
Israel	9,733	609	-	10,342
Others	-	-	135	135
Total revenues	9,733	11,946	135	21,814
Six months ended June 30, 2018 (unaudited):				
Europe*	-	18,394	-	18,394
Israel	9,954	594	-	10,548
Others	-	-	75	75
Total revenues	9,954	18,988	75	29,017
Year ended December 31, 2018 (audited):				
Europe*	-	27,556	-	27,556
Israel	19,533	1,120	22	20,675
Others	-	-	632	632
Total revenues	19,533	28,676	654	48,863

* Includes performance-based revenues of $2,022 in six months ended June 30, 2019, $8,878 in six months ended June 30, 2018 and $8,626 in the year ended December 31, 2018.

b. Segment profit (loss):

	Six months ended June 30, 2019	Six months ended June 30, 2018	Year ended December 31, 2018
	Unaudited		Audited
Europe	3,199	9,946	10,588
Israel	2,566	2,064	4,194
Others	(229)	(347)	(134)
	5,536	11,663	14,648
Unallocated income and expenses:			
Corporate and R&D expenses	(1,242)	(1,352)	(2,541)
Other expenses	(108)	-	(120)
Operating profit	4,186	10,311	11,987
Financial expenses, net	(11)	(322)	(522)
Profit before taxes on income	4,175	9,989	11,465

NOTE 6 | SUBSEQUENT EVENTS

a. On August 28, 2019, the Company signed an agreement to acquire 51% of Netherlands based Kadima BV, 100% owner of 24CARE Inkoop BV, with an option to acquire the remaining 49% within 24 months of closing. The closing of the transaction is expected to take place by end of 2019 subject to signing of a definitive agreement. 24CARE Inkoop BV is a provider of arrhythmia monitoring services in the Dutch market providing ECG diagnosis for patients with heart rhythm disorders on behalf of a wide network of general practitioners. 24CARE has also been expanding into chronic care, working with leading Dutch hospitals on Congestive Heart Failure (CHF) patient management to reduce cost of care and improve outcomes.

b. On September 4, 2019, the Special General Meeting approved the following matters:

1. Following the approval of the Compensation Committee and of the board of directors of the Company (the “Board”) - a grant of an annual bonus for the year 2018 to the Company’s CEO in an aggregate amount of 3.84 monthly gross salaries.

2. Following the recommendation and approval of the Company’s Compensation Committee and of the Board - an amendment to the Compensation Policy of the Company regarding the compensation of an active Chairman of the Board.

3. Following the approval of the Company’s Compensation Committee and of the Board - an additional remuneration to the active Chairman of the Board, in the amount of USD 5 per month.

Information For Investors

Capital structure

The issued share capital is divided into 10,503,152 registered shares with a par value of NIS 0.01 each (excluding 375,339 ordinary shares of NIS 0.01 par value each held by SHL).

Significant shareholders'

As of June 30, 2019, SHL was aware of the following shareholders with more than 3% of all voting rights in the company.

	Number of Ordinary Shares Held	% Including Treasury Shares	% Excluding Treasury Shares
Mrs. Cai Mengke and Kun Shen	5,969,413	54.87%	56.83%
Alroy Group	2,507,608	23.06%	23.88%
G.Z. Assets and Management Ltd.	921,533	8.47%	8.77%
SHL Treasury shares	375,339	3.45%	-

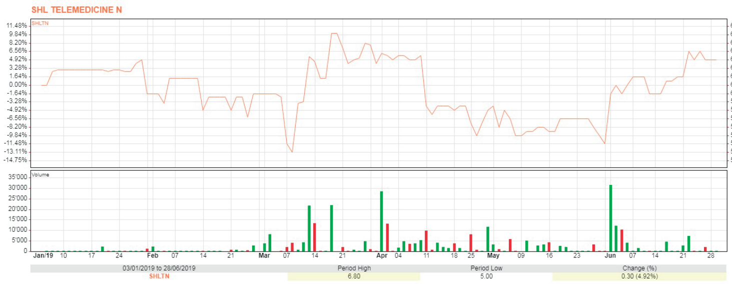
The above table of Significant Shareholders reflects both actual holdings as of June 30, 2019, after deducting from the total number of shares outstanding 375,339 Ordinary Shares held by SHL, and actual holding as of June 30, 2019 calculated including ordinary shares held by SHL, all as indicated above, but does not reflect holding on a fully diluted basis. All in accordance with notifications received by the Company from shareholders and the SAG registrar as of June 30, 2019.

Statistics on SHL Telemedicine as at June 30, 2019

Registered shares with a par value of NIS 0.01 each	
Securities number	1128957
Number of shares*	10,503,152
Market price high/low (CHF)	6.80/5.00
Market capitalization high/low (CHF million)	71.4/52.5
Market capitalization 30/06/19 (CHF million)	67.2
Share capital – nominal value (NIS)	105,032

* Excluding 375,339 ordinary shares held by SHL.

Share price development



Listing

All SHL shares are listed on SIX Swiss Exchange

Ticker symbol:	SHLTN
Currency:	CHF
Listing date:	November 15, 2000

Investor relations

SHL Telemedicine Ltd.
Yoav Rubinstein, CEO
Email: yoavr@shl-telemedicine.com

Yossi Vadnagra, Chief Financial Officer
Email: yossiv@shl-telemedicine.com

90 Yigal Alon St., Tel Aviv 67891, Israel
Tel. ++972 3 561 2212
Fax: ++972 3 624 2414