

Results Q2 / H1 2004

Conference Call

23 August 2004, 11 a.m. (CET)

Dial-in numbers:

from Europe/Israel	+41 91 610 5600
from UK	+44 20 7107 0611
from USA	+1 866 291 4166

Section 1 Business review

Section 2 Financials

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Business review

Company Profile

- ◆ World leading telemedicine service provider
- ◆ Integrated provider of services, products and strong IT
- ◆ Proven and unique business model since 1987
- ◆ Treating hundreds of thousands of patients annually, with ~1,200,000 ECG transmissions to our medical call centers
- ◆ Continually enhancing product portfolio, e.g. TeleMarker in 2003, 'Thin for Life' in 2002
- ◆ Key markets
 - Own operations in the US, Israel and Germany

Key figures 2003 (USD M)

◆ Revenues	98.8
◆ EBITDA	11.4
◆ EBIT	3.1
◆ Employees	1 207
◆ Subscribers	>300,000

Product launch 2003
TeleMarker™



◆ Acquisitions:

- Assumption of full ownership of PHTS, the former joint venture with Philips.
- Take over of Cardiac Evaluation Center (CEC) by SHL's US subsidiary Raytel Cardiac Services, thus extending SHL's cardiac monitoring business in the US

◆ Business overview:

- Europe: restructuring process in Europe initiated. Focus on Germany, closing Italian operations. New General Manager appointed
- USA: Integration of CEC into SHL's US operations. New CEO appointed

◆ Satisfactory development of US and European operations

◆ Maintained leading market share in Israel

◆ Good acceptance of the latest launched innovative services and products "Thin for life" and "TeleMarker" by Israeli subscribers

Main strategy at IPO, 11/2000

◆ Enhanced international activity



International activities reach more than 70% of revenues

◆ Expand product offerings through technological innovation



Introduction of ,Thin for Life‘; new versions of CardioBeeper, TeleBreather, Watchman; TeleMarker

◆ Acquire companies that offer attractive customer base/ marketing channels or products



Penetration to the US market via acquisitions (i.e. Raytel, CEC)
Assumption of full ownership of PHTS in Europe

◆ Maintain leadership position in Israel



Continuous growth of SHL’s core business; client base now more than 70,000



Existing strategy proved to be right and is still valid

Financials



Statement of Operations

(USD 000's)

	<u>Q2. 04</u>	<u>Q1. 04</u>	<u>Q4. 03</u>	<u>Q3. 03</u>	<u>Q2.03</u>
Revenues	26.4	26.6	22.6	25	25.6
Gross Profit	11.8	12.1	9.5	12	12.3
EBITDA	2.2	2.1	0.6	2.4	3.9
EBITDA-margin (%)	8.3%	8.1%	2.7%	9.5%	15.4%
EBIT	1.0	1.6	(1.4)	0.2	1.8
EBIT-margin (%)	3.9%	5.8%	n.m.	1%	7.2%
Financial expenses	0.7	0.6	1.9	1	0.8
Net Income (loss)	0.2	0.3	(3.2)	(7.7)	0.2
EPS	USD 0.02	USD 0.03	USD (0.32)	USD (0.73)	USD 0.02



Balance Sheet

(USD 000s) 30/6/2004 31/12/2003

Assets

Current assets	77,634	75,206
Long term assets	54,155	56,903
Fixed assets	16,391	12,438
Other assets	50,593	51,880
Total assets	198,773	196,427

Liabilities and Shareholders' Equity

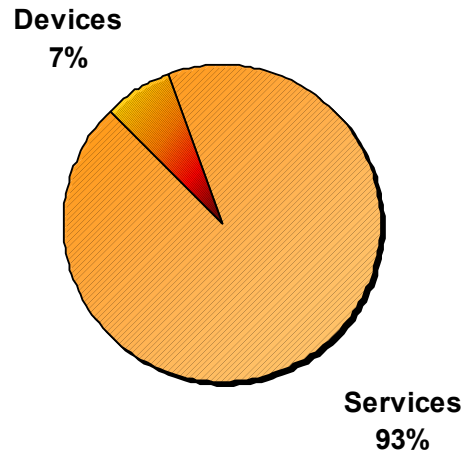
Current Liabilities	62,621	67,786
Long term liabilities	49,874	41,084
Minority interest	1,659	1,427
Shareholders' equity	84,619	86,130
Total liabilities and shareholders' equity	198,773	196,427



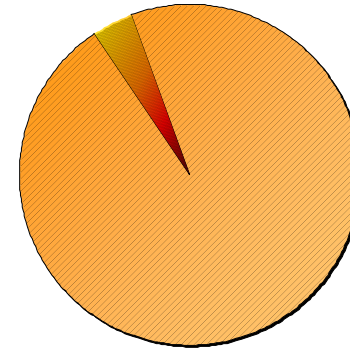
Consolidated cash movement

(USD 000's)	<u>H1 2004</u>	<u>H1 2003</u>	<u>Y 2003</u>
Cash flow from operating activities	(2'026)	(796)	645
Capital expenditure (excluding deposits)	2'859	(9'382)	(13'663)
Financing activities -net	(1'316)	(6'199)	(10'236)
Effect of exchange rate changes	(667)	2'156	1'733
Cash movement	(1'150)	(14'221)	(21'521)
Cash,deposits & marketable securities - beginning of period	30'298	51'819	51'819
Cash,deposits & marketable securities - end of period	29'148	37'598	30'298

Revenue breakdown
H1 2003



Revenue breakdown
H1 2004



Geographical breakdown
H1 2004

