

Press release

SHL with strong organic growth in Q1 08

- **Comparable Revenues increased by 73% year over year**
- **Strong growth in Germany – revenues more than doubled compared to Q1 07**
- **EBITDA margin at 17.4%**
- **Net income affected by weak US-Dollar**

Tel Aviv/Zurich, 15 May 2008 - SHL Telemedicine Ltd. (SWX: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the first quarter of 2008. In order to enable meaningful comparison between the 2007 and 2008 results, the 2007 figures referred to herein have excluded the results of operations of Raytel sold late 2007 to Philips. The actual GAAP Q1 2007 results appear in the accompanied financial statements.

Financial Highlights for the First Quarter of 2008:

Revenues increased by 73% to USD 10.4 million from USD 6.0 million in Q1 07. Whilst all businesses contributed to the increased revenues, strongest growth was achieved by PHTS, SHL's German operations with subscriber growth of over 80 %. This culminated in revenues from Germany of USD 3.4 million, more than double those of the comparable quarter of 2007 and already approaching the revenues of the first half of 2007.

Gross margins improved significantly from 55.0% to 64.4% and with the increased revenues **Gross profit** for the quarter amounted to USD 6.7 million compared to a gross profit of USD 3.3 million in Q1 07.

EBITDA for the quarter reached USD 1.8 million bringing the EBITDA margin to 17.4% compared to an LBITDA of USD 0.2 million in Q1 2007.

EBIT for the period amounted to USD 0.7 million compared to an LBIT of USD 1.0 million in Q1 07 reflecting an improvement of USD 1.7 million.

SHL's net profit for the quarter amounted to USD 1.4 million compared to a net loss of USD 1.8 million in Q1 2007, prior to the effect of an exceptional exchange loss caused by the significant devaluation of the USD against the NIS during this period. After the taking into account of this exceptional exchange loss of some USD 4.1 million, net of taxes, which was mainly related to the placing of proceeds of around USD 100 million from the sale of Raytel, SHL reported an actual loss for the quarter of USD 2.7 million.

Cash flow from operations was negatively affected by the one-time exchange rate losses of some USD 4.7 million and remaining payments related to the Raytel sale of some USD 3.3 million bringing cash used in operations to USD 8.8 million. During the quarter the Company repaid USD 10.7 million of its loans and the Company's cash, cash equivalents and marketable securities at 31st March 2008 amounted to USD 74.3 million.

Commenting on the results for the quarter Erez Alroy, Co-CEO of SHL Telemedicine stated: "We are pleased to report the robust organic top line growth predicted after the divestment of Raytel. We continue to see strong interest from German health insurance companies in our telemedicine platform – a result of the need for cost efficiency in the health care business. The added value of our services, both from a clinical and economic point of view, remains a compelling proposition and has recently been demonstrated in a new application for diabetic patients."

SHL Telemedicine – consolidated key figures

in USD million (except per share amounts)	Q1 2008	Q1 2007 excluding Raytel	%	Q1 2007 including Raytel	%
Revenues	10.4	6.0	73.3%	15.6	(33.4)%
Gross profit	6.7	3.3	103.0%	8.2	(18.3)%
%	64.4%	55.0%		52.6%	
EBITDA	1.8	(0.2)	n.a.	1.7	5.9%
%	17.4%	n.a.		10.9%	
EBIT	0.7	(1.0)	n.a.	0.0	n.a.
%	6.7%	n.a.		0%	
Financial expenses (income)	(1.0)	0.4	n.a.	0.8	n.a.
Net income (loss) attributable to SHL shareholders' prior to exceptional exchange rate losses	1.4	(1.8)	n.a.	(1.0)	n.a.
Exceptional exchange rate losses, net of taxes	(4.1)	-	n.a.	-	n.a.
Net income (loss) attributable to SHL shareholders'	(2.7)	(1.8)	n.a.	(1.0)	n.a.
EPS (LPS) prior to exceptional exchange rate losses	0.13	(0.17)	n.a.	(0.09)	n.a.
EPS (LPS) attributable to SHL shareholders'	(0.25)	(0.17)	n.a.	(0.09)	n.a.

Revenues by geographic distribution

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Revenues	5.4	51.9%	3.4	32.7%	1.6	15.4%

Appointment of Mr. Eran Antebi as Chief Financial Officer

Mr. Eran Antebi has been appointed Chief Financial Officer of SHL. Mr. Antebi joined SHL in May 2004 as CFO of Shahal Israel. Prior to joining SHL, Mr. Antebi was a Manager with Ernst & Young in Israel. Mr. Antebi is a certified public accountant (CPA) in Israel and has a B.A. in accounting and economics from the Tel Aviv University. Mr. Antebi will be replacing Mr. Haim Brosh, SHL's Executive Vice President Finance who will be leaving the Company to pursue private business interests.



Looking ahead

SHL expects the continuation of its positive operational trend. SHL feels comfortable with meeting its previously announced financial guidance for the year of revenues of USD 38 to 41 million and EBITDA of USD 7 to 8 million.

Next events

Q2 Results	August 13, 2008
Q3 Results	November 11, 2008

About SHL Telemedicine

SHL Telemedicine Ltd. specializes in developing and marketing advanced personal telemedicine systems as well as providing comprehensive telemedicine solutions including medical call centers to individuals and to the healthcare community. As a leading provider of remote health services in cardiology and in other medical areas, SHL maintains business operations in Europe, mainly through PHTS in Germany, its fully owned subsidiary, and at its home market in Israel. In the US, SHL's telemedicine products are distributed by Philips Medical. SHL is listed on the SWX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957). More information available at: www.shl-telemedicine.com.

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Some of the information contained in this press release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. SHL Telemedicine undertakes no obligation to publicly update or revise any forward-looking statements.

Balance-Sheets (USD thousands)	31.03.2008	31.03.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash, cash equivalents and short term investments	26,278	10,017	84,546
Available-for-sale investments	45,699	-	-
Trade receivables	2,819	19,765	2,641
Inventory	597	604	601
Other current assets	4,081	3,414	3,857
Current Assets	79,474	33,800	91,645
Long-term Assets	19,735	20,929	20,440
Fixed Assets, net	16,655	23,208	15,627
Intangible Assets, net	17,860	47,613	16,451
Total Assets	133,724	125,550	144,163
Credit from banks and others	35,615	41,421	42,422
Deferred revenues	10,797	-	10,548
Trade payables	2,181	8,378	1,998
Income taxes payable	3,026	471	2,826
Other accounts payable	10,459	9,223	9,797
Current Liabilities	62,078	59,493	67,591
Long-term loans from banks and others	7,113	31,437	7,649
Accrued severance pay	535	779	452
Provisions	2,175	2,422	2,194
Deferred revenues	2,675	2,447	5,435
Deferred taxes	377	542	346
Long-term Liabilities	12,875	37,627	16,076
Total Liabilities	74,953	97,120	83,667
Equity attributable to SHL shareholders:			
Share capital	31	31	31
Additional paid-in capital	92,346	92,076	92,295
Treasury shares at cost	(269)	(269)	(269)
Foreign currency translation reserve	4,682	(7,995)	(120)
Available-for-sale reserve	(113)	-	-
Accumulated deficit	(38,166)	(55,908)	(31,529)
	58,691	27,935	60,408
Minority interest	80	495	88
Total Equity	58,771	28,430	60,496
Liabilities and Equity	133,724	125,550	144,163

Statements of Operations (USD thousands, except per share data)	Q1 08	Q1 07	2007
Revenues	<i>Unaudited</i> 10,398	<i>Unaudited</i> 15,641	<i>Audited</i> 62,124
Cost of sales	3,696	7,461	29,574
Gross Profit	6,702	8,180	32,550
Research and development costs, net	273	202	2,550
Selling and marketing expenses	2,873	2,916	12,610
General and administrative expenses	2,893	5,060	27,534
Operating Income (loss)	663	2	(10,144)
Financial expenses	3,660	791	3,230
Other income, net	44	85	43,524
Income (loss) before taxes on income	(2,953)	(704)	30,150
Taxes on income (tax benefit)	(271)	134	6,497
Income (loss) from continuing operations	(2,682)	(838)	23,653
Net Income from discontinued operations	-	4,177	3,981
Net Income (Loss)	(2,682)	3,339	27,634
Attributable to SHL shareholders'	(2,682)	(1,004)	23,375
Minority interest	-	4,343	4,259
	(2,682)	(3,339)	27,634
Basic profit (loss) per share	(0.25)	(0.09)	2.20
Diluted profit (loss) per share	(0.25)	(0.09)	2.16
Basic profit (loss) per share from continuing operations	(0.25)	(0.49)	1.83
Diluted profit (loss) per share from continuing operations	(0.25)	(0.49)	1.79

Statements of Cash Flows (USD thousands)	Q1 08	Q1 07	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net Income (Loss)	(2,682)	3,339	27,634
Adjustment required to reconcile net income (loss) to net cash used in operating activities	(6,073)	(3,908)	(29,435)
Net Cash used in Operating Activities	(8,755)	(569)	(1,801)
Purchase of fixed assets	(672)	(1,076)	(4,524)
Cash received from sale of subsidiaries	-	5,649	107,283
Investment in intangible assets	(263)	(510)	(1,388)
Proceeds from sale of fixed assets	36	148	199
Marketable securities, net	-	-	2,884
Purchase of available-for-sale investments	(46,521)		
Net Cash provided by (used in) Investing Activities	(45,420)	4,211	104,454
Proceeds from exercise of options	3	-	52
Proceeds from long-term loans from banks and others, net	-	767	14,833
Repayment of long-term loans from banks and others, net	(6,875)	(2,482)	(37,239)
Short-term bank credit, net	(3,801)	(45)	(519)
Distributions to minority interest	(8)	(4,563)	(4,886)
Net Cash used in Financing Activities	(10,681)	(6,323)	(27,759)
Effect of exchange rate changes on cash and cash equivalents	6,588	100	(26)
Increase (decrease) in cash and cash equivalents	(58,268)	(2,581)	74,868
Cash and cash equivalents at the beginning of the period	84,546	9,678	9,678
Cash and Cash equivalents at the end of the period	26,278	7,097	84,546