



Press release

2008 – A year of significant growth

- **Revenues of USD 44.6 million - increase of 62% year over year**
- **Germany as growth driver, 77% top line growth thanks to expansion of subscriber base, reached profitability for the first time and generating cash.**
- **EBITDA of USD 9.1 million (20.5% of revenues)**
- **EBIT of USD 4.2 million (9.5% of revenues)**
- **Net income of USD 2.2 million**
- **New study findings support benefit of SHL's services for patients and insurers.**
- **Positive outlook for 2009 - based on continued growth in Germany. Top line growth expected to be over 15%, resulting increase in profitability.**

Tel Aviv/Zurich, 19 March 2009 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the year and fourth 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 2007 results appear in the accompanied financial statements.

2008 is marked by the strong growth achieved in SHL's German operation, which reached profitability for the first time after substantial investments made over the years.

Commenting on the results Erez Alroy, Co-CEO of SHL Telemedicine, stated: "Germany was the growth driver it promised to be a year ago, improving results on all levels. Our business model works. We feel confident that SHL will remain largely unaffected by the economic downturn, and continue to show further consistent growth."

Further evidence of significant financial benefit achieved by using SHL's telemedicine solutions

Studies published in 2008 and conducted at the Universitätsklinikum Jena over a period of one year, further validated previous research that SHL's telemedicine solutions improve quality of life for chronically ill heart patients and achieve a significant reduction in health care costs. In a mono centric study at the Universitätsklinikum Jena data of chronically ill heart patients was evaluated. Certain patients underwent a standard treatment whereas others enjoyed the SHL telemedicine service. For the telemedicine group, hospitalization was reduced by 58%, the overall number of patients with in-patient stays was reduced by 43% and the days spent at the hospital were reduced by 24%, which resulted in a total reduction of 68% in hospital days, per patient. This resulted in total cost savings per patient per year of 60%-70%, after taking into account the costs of the SHL telemedicine service.

Enhancing survival after out-of hospital cardiac arrest

The outcome of another long term study of over 20 years for resuscitation of out-of-hospital cardiac victims conducted in Israel showed that monitoring and effective treatment for cardiopulmonary resuscitation (CPR) conducted by SHL MICU staff enhance survival after out-of-hospital cardiac arrest. Participants in the study were subscribers of SHL Telemedi-



icine who underwent cardiopulmonary resuscitation (CPR) by SHL Telemedicine's mobile intensive care units (MICUs), or under their instructions. SHL's policy of bi-monthly contact with its subscribers led to heightened awareness of warning signs and need for rapid summoning of medical assistance in the setting of out-of-hospital sudden cardiac arrest. A total of 1,810 subscribers of SHL Telemedicine were resuscitated after cardiac arrest, 597 (33%) were hospitalized and 279 (15.4%) were discharged alive, which is around double that of the figures published in a study conducted by the Israeli national ambulance service.

FDA approval for CardioSen'C

In August 2008, the US Food and Drug administration (FDA) cleared SHL's CardioSen'C™, the world's first personal cellular-digital 12-lead ECG transmitter used for the purpose of remote real-time diagnosis of arrhythmia, ischemia, and myocardial infarction to medical call centers. This innovative portable device significantly simplifies the measurement and transmission of a 12-lead ECG and rhythm strip in real-time due to its ergonomic design, compact dimensions, lightweight, vocal prompts and remote operation capabilities by the medical call center personnel. In addition to the ease and simplicity of use the CardioSen'C™ enables transmission with maximal accuracy and speed due to the use of a built in cellular modem. The CardioSen'C™ was introduced in Israel mid 2007 and has been very well accepted by SHL's subscribers.

Annual financial results:

Revenues for the year reached USD 44.6 million (2007: USD 27.5 million), representing an increase of 62% year over year. Revenues from SHL's German operation reached USD 15.8 million up from USD 8.9 million, a growth of 77%.

EBITDA for the year amounted to USD 9.1 million (20.5% of revenues) up from an LBITDA of USD 3.5 million in 2007 with **Operating income** for the year totaling USD 4.2 million (9.5% of revenues) up from an operating loss of USD 9.3 million in 2007. Operating income from SHL's German operation reached USD 1.7 million up from an operating loss of USD 1.6 million in 2007.

Net income for the year amounted to USD 2.2 million. The GAAP net income for 2007 amounted to USD 27.6 million, which included a capital gain, net of taxes, from the sale of Raytel to Philips in the amount of USD 39.3 million. Excluding the operations of Raytel and the capital gain from the sale, net loss in 2007 amounted to USD 8.0 million.

Cash reserves at December 31, 2008 totaled USD 23.5 million. During the year SHL repaid all outstanding debt amounting to USD 52.3 million.

Balance sheet. SHL's total assets at December 31, 2008 stood at USD 81.8 million with **Shareholders' equity** comprising USD 59.1 million - 72% of total assets.

Share Buyback. During the year SHL repurchased 160,763 shares at for a total of USD 1.1 million. At December 31, 2008 SHL held 221,922 shares representing around 2% of total shares outstanding. The share buy-back program has been extended until June 30, 2009.



Quarterly financial results:

Revenues for the quarter reached USD 11.3 million a 40% increase from the fourth quarter of 2007. Revenues from SHL's German operation reached USD 4.5 million up 36% from USD 3.3 million in Q4 2007.

EBITDA for the quarter reached USD 2.4 million (20.9% of revenues) up from LBITDA of USD 4.3 million in Q4 2007 with **Operating income** for the quarter amounting to USD 1.2 million (11% of revenues) up from an operating loss of USD 6.4 million in Q4 2007.

Net income for the quarter amounted to USD 0.6 million compared to a net loss of USD 2.3 million in Q4 2007.

Cash flow. In Q4 SHL's cash flow improved significantly with cash generated from operating activities amounting to USD 2.6 million.

Looking ahead:

SHL expects to continue its growth trend in 2009, despite the global economic slowdown. The demand for telemedicine services remains strong in the first quarter of 2009. Assuming constant currency exchange rates (*) management is expecting continued growth with revenues of USD 51-53 million and net income of USD 3.5-5 million for 2009.

(*) Constant currency exchange rate figures are calculated by translating forecasted 2009 results using the average 2008 exchange rates instead of expected 2009 exchange rates. Management believes that this presentation enables more meaningful comparison between the periods due to significant fluctuations in NIS/USD/Euro exchange rates. Average 2008 exchange rates were: NIS/USD 3.588 and EUR/USD 1.466.

SHL Telemedicine – consolidated key figures

in USD million (except per share amounts)	Q4 2008	Q4 2007 (1)	% Increase	2008	2007 (1)	% Increase	2007 GAAP results
Revenues	11.3	8.1	40%	44.6	27.5	62%	62.1
Gross profit	7.6	4.6	65%	28.9	15.4	88%	32.6
%	67%	57%		65%	56%		52%
EBITDA/(LBITDA)	2.4	(4.3)	n.a.	9.1	(3.5)	n.a.	(1.6)
%	21%	n.a.		20%	n.a.		n.a.
EBIT/(LBIT)	1.2	(6.4)	n.a.	4.2	(9.3)	n.a.	(10.1)
%	11%	n.a.		10%	n.a.		n.a.
Net income (loss)	0.6	(2.3)	n.a.	2.2	(8.0)	n.a.	27.6 (2)
Basic EPS (LPS)	0.06	(0.21)		0.21	(0.75)		2.20 (2)

(1) Excluding the results of operations of Raytel sold late 2007 to Philips.

(2) Including capital gain, net of taxes of USD 39.3 million from the sale of Raytel late 2007



Revenues by geographic distribution

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
2007 GAAP Revenues	18.6	30.0%	8.9	14.3%	34.6	55.7%
2008 Revenues	21.8	48.9%	15.8	35.5%	7.0	15.6%

IR Agenda 2009

- 13 May Q1 results
- 26 May Annual General Meeting
- 29 July Q2 results
- 11 November Q3 results

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, certain SHL telemedicine products are distributed by Philips Healthcare. SHL is listed on the SIX 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)	31.12.2008	31.12.2007
Cash and cash equivalents	3,265	84,546
Available-for-sale investments	20,210	-
Trade receivables	3,558	2,641
Inventory	600	601
Other current assets	3,077	3,857
Current Assets	30,710	91,645
Non-current Assets	18,489	20,440
Fixed Assets, net	15,289	15,627
Intangible Assets, net	17,337	16,451
Total Assets	81,825	144,163
Credit from banks and current maturities of long-term loans	583	42,422
Deferred revenues	6,747	10,548
Trade payables	1,502	1,998
Income tax payable	2,776	2,826
Other accounts payable	6,718	9,797
Current Liabilities	18,326	67,591
Long-term loans from banks and others	-	7,649
Accrued severance pay	777	452
Provisions	1,422	2,194
Deferred revenues	1,895	5,435
Deferred taxes	332	346
Non-current Liabilities	4,426	16,076
Total liabilities	22,752	83,667
Equity attributable to SHL shareholders:		
Share capital	31	31
Additional paid-in capital	92,738	92,295
Treasury shares at cost	(1,405)	(269)
Foreign currency translation reserve	1,026	(120)
Available-for-sale reserve	(66)	-
Accumulated deficit	(33,251)	(31,529)
	59,073	60,408
Minority interests	-	88
Total Equity	59,073	60,496
Liabilities and Equity	81,825	144,163

Statements of Income (USD thousands, except per share data)	2008	2007
Revenues	44,554	62,124
Depreciation and amortization	2,831	5,244
Cost of sales	12,791	24,330
Gross Profit	28,932	32,550
Research and development costs, net	1,003	2,550
Selling and marketing expenses	12,160	12,610
General and administrative expenses	11,527	*) 27,534
Operating profit (loss)	4,242	(10,144)
Financial expenses, net	4,410	3,230
Other income (expenses), net	(1,062)	43,524
Profit (loss) before taxes on income	(1,230)	30,150
Taxes on income (tax benefit)	(3,463)	6,497
Profit from continuing operations	2,233	23,653
Profit from discontinued operations	-	3,981
Net profit	2,233	27,634
Attributable to SHL shareholders'	2,233	23,375
Minority interest	-	4,259
	2,233	27,634
Basic profit per share	0.21	2.20
Diluted profit per share	0.21	2.16
Basic profit per share from continuing operations	0.21	2.23
Diluted profit per share from continuing operations	0.21	2.19

*) Including one-time expenses related to the sale of Raytel

Statements of Cash Flows (USD thousands)	2008	2007
Net Profit	2,233	27,634
Adjustment required to reconcile net profit to net cash used in operating activities	(9,783)	(29,435)
Net Cash used in Operating Activities	(7,550)	(1,801)
Purchase of fixed assets	(3,595)	(4,524)
Cash received (refunded) upon sale of subsidiaries	(488)	107,283
Investment in intangible assets	(1,654)	(1,388)
Proceeds from sale of fixed assets	46	199
Marketable securities, net	-	2,884
Proceeds from sale of long-term deposits	4,200	-
Purchase of available-for-sale investments	(69,433)	-
Proceeds from sale of available-for-sale investments	48,100	-
Net Cash provided by (used in) Investing Activities	(22,824)	104,454
Proceeds from exercise of options	260	52
Proceeds from long-term loans from banks and others, net	-	14,833
Repayment of long-term loans from banks and others, net	(29,834)	(37,239)
Short-term bank credit, net	(22,440)	(519)
Distributions to minority interest	(88)	(4,886)
Treasury shares purchased	(1,136)	-
Dividend paid	(3,955)	-
Net Cash used in Financing Activities	(57,193)	(27,759)
Effect of exchange rate changes on cash and cash equivalents	6,286	(26)
Increase (decrease) in cash and cash equivalents	(81,281)	74,868
Cash and cash equivalents at the beginning of the period	84,546	9,678
Cash and Cash equivalents at the end of the period	3,265	84,546