



Press release

SHL with 3rd quarter of consecutive growth

- **Revenues of USD 11.8 million increase by 68% year over year, Germany as growth driver**
- **EBITDA of USD 2.7 million (23% of revenues) for the quarter**
- **EBIT of USD 1.3 million up from an operating loss of USD 0.9 in Q3 07**
- **Net income for the quarter of USD 0.3 million, up from a net loss of USD 1.4 million in Q3 07**
- **Improved operating cash flow**
- **Secured additional contracts with German health insurers**
- **Confirming 2008 outlook**

Tel Aviv/Zurich, 11 November 2008 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the third 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 Q3/9M results appear in the accompanied financial statements.

After reaching profitability for the first time in the previous quarter, SHL's German operation continued its strong growth trend, bringing its operating profit to USD 0.6 million with positive operating cash flow. This together with continued moderate growth in Israel has led to SHL's 3rd quarter of consecutive growth and improved financial performance.

Revenues for the quarter reached USD 11.8 million up from USD 11.0 million in the second quarter of 2008 and a 68.6% increase from the third quarter of 2007. Revenues for the nine months reached USD 33.3 million up 70 % from USD 19.5 million in the first nine months of 2007.

EBITDA for the quarter reached USD 2.7 million (22.9% of revenues) up from USD 2.3 million in Q2 08 (20.9% of revenues) and USD 0.2 million in Q3 07. EBITDA for the nine months amounted to USD 6.8 million (20.5% of revenues) up from USD 0.7 million in the corresponding period of 2007.

Net income for the quarter amounted to USD 0.3 million compared to a net loss of USD 1.4 million in Q3 2007. For the nine months, net income amounted to USD 1.6 million compared to a net loss of USD 5.7 million in the corresponding period of 2007.

Cash flow. In Q3 SHL's operating cash flow improved from cash used in operations of USD 1.4 million in Q2 08 to a neutral position in this quarter.

Commenting on the results of the quarter Erez Alroy, Co-CEO of SHL Telemedicine, stated: "We announced earlier this year that the stability of SHL's operations and financial performance will significantly improve after the divestment of the US business. Our results for the quarter confirm the strength of our operations, evidenced by continuing strong



momentum in Germany. We remain confident with the financial targets set for 2008, even with the tougher economic environment."

Cash reserves at 30 September 2008 amounted to USD 29.9 million. During the quarter SHL repaid loans in the additional amount of some USD 14 million.

Balance sheet. SHL's total assets at 30 September 2008 totaled USD 93.6 million with Shareholders' equity amounting to USD 64.6 million.

New contracts in Germany

During the quarter new contracts with German health insurers were signed for the provision of telemedicine services to their chronically ill heart patients. After prevailing over other competitors in a Europe-wide tender, SHL will provide telemedicine services to Knappschaft Bahn See ("KBS"), which treats more than 1.6 million members and is one of the five largest health insurers in Germany. In addition, SHL secured a contract with LKK Niedersachsen-Bremen, which treats around 150 thousand farmers and their family members.

Looking ahead. SHL continues to see good momentum in its markets and is confident with its full year guidance of revenues of USD 43-44 million and EBITDA of USD 8-9 million, even when taking into account the anticipated severe global recession and the significant devaluation of the NIS and the Euro against the USD seen so far in the 4th quarter. On a short and mid term view, the financial crisis and darkened economic outlook is expected to increase the pressure of health insurers for operational efficiency. SHL's management currently does not expect to see a negative impact of the macroeconomic situation on its businesses.

SHL Telemedicine – consolidated key figures

in USD million (except per share amounts)	Q3 2008	Q3 2007 (*)	%	9M 2008	9M 2007 (*)	%
Revenues	11.8	7.0	68.6%	33.3	19.5	70.8%
Gross profit	7.7	4.0	92.5%	21.4	10.7	100 %
%	65.3%	57.1%	-	64.5%	54.9%	-
EBITDA	2.7	0.2	1250%	6.8	0.7	6700%
%	22.9%	2.9%	-	20.5%	1.0%	-
EBIT/(LBIT)	1.3	(0.9)	n.a.	3.0	(2.8)	n.a.
%	11.0%	n.a.	-	9.0%	n.a.	-
Net income (loss)	0.3	(1.4)	n.a.	1.6	(5.7)	n.a.
Basic EPS (LPS)	0.03	(0.13)	-	0.15	(0.54)	-

* Excluding the results of operations of Raytel sold late 2007 to Philips.

Revenues by geographic distribution

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q1 Revenues	5.4	51.9%	3.4	32.7%	1.6	15.4%
Q2 Revenues	5.5	50.0%	3.8	34.5%	1.7	15.5%
Q3 Revenues	5.6	47.5%	4.2	35.6%	2.0	16.9%
9M Revenues	16.5	49.7%	11.4	34.3%	5.4	16.0%



IR Agenda 2009

19 March FY results 2008
14 May Q1 results
26 May Annual General Meeting
13 August Q2 results
12 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.

For further information please contact:

- Erez Alroy, Co-CEO, Phone: +972 3561 22 12, ereza@shl-telemedicine.com
- Assistant: Pauline Shavit, Phone: +972 3561 22 12, pauline@shl-telemedicine.com
- Martin Meier-Pfister, IRF Communications, Phone: +41 43 244 81 40, shl@irfcom.ch

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)	30.09.2008	30.09.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash, cash equivalents and short term investments	3,875	4,695	84,546
Available-for-sale investments	25,997	-	-
Trade receivables	3,805	17,056	2,641
Inventory	596	602	601
Other current assets	2,961	3,542	3,857
Assets of disposal group classified as held for sale	-	1,308	-
Current Assets	37,234	27,203	91,645
Long-term Assets	20,657	20,926	20,440
Fixed Assets, net	16,684	22,353	15,627
Intangible Assets, net	19,065	47,214	16,451
Total Assets	93,640	117,696	144,163
Credit from banks and others	1,479	36,691	42,422
Deferred revenues	7,880	2,824	10,548
Trade payables	1,628	7,411	1,998
Income taxes payable	3,112	415	2,826
Other accounts payable	5,826	6,641	9,797
Liabilities directly associated with the assets			
Classified as held for sale	-	86	-
Current Liabilities	19,925	54,068	67,591
Long-term loans from banks and others	4,076	34,626	7,649
Accrued severance pay	706	867	452
Provisions	1,704	2,413	2,194
Deferred revenues	2,493	1,896	5,435
Deferred taxes	115	515	346
Long-term Liabilities	9,094	40,317	16,076
Total liabilities	29,300	94,385	83,667
Equity attributable to SHL shareholders:			
Share capital	31	31	31
Additional paid-in capital	92,532	92,218	92,295
Treasury shares at cost	(1,102)	(269)	(269)
Foreign currency translation reserve	7,552	(8,828)	(120)
Available-for-sale reserve	(595)	-	-
Accumulated deficit	(33,856)	(60,150)	(31,529)
	64,562	23,002	60,408
Minority interest	59	309	88
Total Equity	64,621	23,311	60,496
Liabilities and Equity	93,640	117,696	144,163



Statements of Operations (USD thousands, except per share data)	Q3 08	Q3 07	9M 08	9M 07	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	11,824	15,974	33,265	47,488	62,124
Cost of sales	4,126	7,626	11,891	22,807	29,574
Gross Profit	7,698	8,348	21,374	24,681	32,550
Research and development costs, net	254	315	787	813	2,550
Selling and marketing expenses	3,313	3,200	9,268	9,310	12,610
General and administrative expenses	2,784	5,009	8,315	15,678	27,534
Operating income (loss)	1,347	(176)	3,004	(1,120)	(10,144)
Financial expenses	580	775	3,799	3,419	3,230
Other income (expenses), net	5	(102)	(434)	(2)	43,524
Income (loss) before taxes on income	772	(1,053)	(1,229)	(4,541)	30,150
Taxes on income (tax benefit)	428	(962)	(2,857)	66	6,497
Income (loss) from continuing operations	344	(91)	1,628	(4,607)	23,653
Net income from discontinued operations	-	(1,410)	-	3,709	3,981
Net income (loss)	344	(1,501)	1,628	(898)	27,634
Attributable to SHL shareholders'	344	(1,501)	1,628	(5,246)	23,375
Minority interest	-	-	-	4,348	4,259
	344	(1,501)	1,628	(898)	27,634
Basic profit (loss) per share	0.03	(0.13)	0.15	(0.49)	2.20
Diluted profit (loss) per share	0.03	(0.13)	0.15	(0.49)	2.16
Basic profit (loss) per share from continuing operations	0.03	(0.00)	0.15	(0.43)	2.23
Diluted profit (loss) per share from continuing operations	0.03	(0.00)	0.15	(0.43)	2.19



Statements of Cash Flows (USD thousands)	Q3 08	Q3 07	9M 08	9M 07	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net Income (loss)	344	(1,501)	1,628	(898)	27,634
Adjustment required to reconcile net income (loss) to net cash provided by (used in) operating activities	(348)	2,083	(11,826)	(1,763)	(29,435)
Net Cash provided by (used in) Operating Activities	(4)	582	(10,198)	865	(1,801)
Purchase of fixed assets	(704)	(1,352)	(2,558)	(3,039)	(4,524)
Cash received from sale of subsidiaries	-	240	(488)	5,889	107,283
Investment in intangible assets	(633)	(300)	(1,248)	(1,087)	(1,388)
Proceeds from sale of fixed assets	11	-	47	181	199
Marketable securities, net	-	1,557	-	2,844	2,884
Proceeds from sale of long-term deposits	-	-	4,200	-	-
Purchase of available-for-sale investments	(10,865)	-	(64,251)	-	-
Proceeds from sale of available-for-sale investments	18,747	-	38,733	-	-
Net Cash provided by (used in) Investing Activities	6,556	145	(25,565)	4,788	104,454
Proceeds from exercise of options	20	-	96	-	-
Proceeds from long-term loans from banks and others, net	-	14,228	-	15,775	14,833
Repayment of long-term loans from banks and others, net	(14,119)	(13,811)	(25,868)	(24,849)	(37,239)
Short-term bank credit, net	1,005	(1,105)	(22,703)	3,140	(519)
Distributions to minority interest	-	(66)	(29)	(4,754)	(4,886)
Treasury shares	(243)	-	(833)	-	-
Dividend paid	-	-	(3,955)	-	-
Net Cash used in Financing Activities	(13,337)	(754)	(53,292)	(10,688)	(27,759)
Effect of exchange rate changes on cash and cash equivalents	(766)	(8)	8,384	52	(26)
Increase (decrease) in cash and cash equivalents	(7,551)	(35)	(80,671)	(4,983)	74,868
Cash and cash equivalents at the beginning of the period	11,426	4,730	84,546	9,678	9,678
Cash and Cash equivalents at the end of the period	3,875	4,695	3,875	4,695	84,546