



Press release

SHL Telemedicine reports fourth quarter and fiscal year 2011 financial results

- *Revenues for the year amounted to USD 42.4 million.*
- *EBITDA for the year of USD 9.1 million (21.5% of revenues).*
- *EBIT for the year of USD 4.2 million (9.9% of revenues).*
- *Net income for the year of USD 4.0 million (9.4% of revenues).*
- *Strong cash position with cash, cash equivalents and marketable securities of USD 33.3 million at year end.*
- *Laid foundations for expansion into new territories and with new products.*

Tel Aviv/Zurich, 28 March 2012 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the fourth quarter and fiscal year 2011.

Erez Alroy, Co-CEO of SHL, commented: "Recently we have successfully concluded a major contract in Germany with a large health insurer, in line with our strategic shift to pursue large scale contracts. We expect more such agreements to follow. We are also investing efforts in assessing and preparing for the entry of SHL into new territories."

Business Review

Germany

In 2011 SHL implemented its strategy shift to pursue long term large scale contracts with health insurers, which has resulted in the signing of an agreement with IKK Sudwest based in Saarbruecken, while at the same time streamlining operations to reflect the current reduced capacity needed.

SHL's German operations overall financial performance declined as anticipated due to the diminution of patients relating to a merging health insurer and the continuing challenging business environment, emphasized by the Euro zone financial crisis, which led to continued aggressive consolidation and longer than expected sales cycles.

It is expected that additional large scale contracts will be secured during 2012, leading to a return to significant growth.

Israel

In Israel SHL's business continued its good financial performance, showing improved operating margins. SHL's operation is continuing to lead the Israeli telemedicine market and serves as an important knowledge base for the Company.



Business development

In 2011 SHL invested significant effort in assessing the entry and expansion into new territories and the marketing of new products and services worldwide. It is expected that these efforts will have a major effect on SHL's business in future years.

Technology

One of 2011's highlights was the selection of SHL to present its new telemedicine technology, the "Smartheart", at the TechCrunch Disrupt Battlefield Conference in New York in May 2011. Smartheart is the world's smallest Hospital-Grade ECG that can be used by a non-professional end-user, is slightly bigger than an iPhone 4 and weighs even less.

Financial Highlights:

During the year revenues and overall financial performance declined, stemming from SHL's operation in Germany and a decrease in the Philips US revenues.

SHL manages its cost base tightly. Although revenues decreased during the year, operating margins were only slightly lower thanks mainly to a significant reduction in expenses and investments, mainly in Germany.

Fourth Quarter Ended December 31, 2011:

Revenues for the quarter amounted to USD 9.1 million compared to revenues of USD 13.5 million in Q4 2010. This represents a decline of 29.6% at constant exchange rates*.

Gross profit for the quarter amounted to USD 5.5 million (60.4% of revenues) compared to USD 8.9 (65.9% of revenues) in 2010.

EBITDA for the quarter amounted to USD 1.5 million (16.5% of revenues) compared to an EBITDA of USD 2.7 million (20.0% of revenues) in Q4 2010 with **operating profit** amounting to USD 0.2 million (2.2% of revenues) compared to USD 1.4 million (10.4% of revenues) in Q4 2010.

Net income for the quarter amounted to USD 0.3 million (USD 0.03 per share) down from USD 0.9 million (USD 0.09 per share) in Q4 2010.

Positive cash flow was generated from operations amounting to USD 0.9 million compared to cash used in operations of USD 1.0 million in 2010.



Fiscal year 2011:

Revenues for the year amounted to USD 42.4 million compared to revenues of USD 50.3 million in 2010 representing a decline of 18.9% at constant exchange rates*.

Gross profit for the year amounted to USD 27.0 million (63.7% of revenues) compared to USD 33.3 (66.2% of revenues) in 2010.

EBITDA for the year amounted to USD 9.1 million (21.5% of revenues) compared to an EBITDA of USD 11.4 million (22.7% of revenues) in 2010 with **operating profit** amounting to USD 4.2 million (9.9% of revenues) compared to USD 6.0 million (11.9% of revenues) in 2010.

Net income for the year amounted to USD 4.0 million (USD 0.38 per share) compared to USD 4.9 million (USD 0.46 per share) in 2010.

Cash flow used in operations amounted to USD 3.5 million compared to cash generated from operations of USD 3.0 million in 2010. Cash, cash equivalents and marketable securities amounted at December 31, 2011 to USD 33.3 million.

SHL's **balance sheet** continues to be strong with assets amounting to USD 108.2 million, of which current assets amounted to USD 55.7 million, while total liabilities amounted to USD 41.6 million. Shareholders' **equity** at December 31, 2011 stood at USD 66.6 million (61.6% of balance sheet).

Long-term loans

In July, SHL received long-term loans from financing institutions in the equivalent of USD 27.9 million (NIS 100 million). The loans which are denominated in NIS are spread over an 8 year term, bear an annual interest of 3.8%-3.9% and are linked to the Israeli CPI.

Dividend and share repurchase

During the year SHL paid a dividend of USD 0.66 per share, totaling USD 6.9 million. The Board of Directors also approved to increase the aggregate share re-purchase amount by an additional USD 2 million.



Outlook

It is expected that the new contract signed with IKK Sudwest will generate first revenues as of Q2 2012. Additional contracts to be executed in Germany should materialize soon. These contracts are expected to generate revenues gradually and given the cessation of recognition of revenues from Philips US, might lead to lower financial performance in 2012.

However, SHL expects that the success of its strategic shift in Germany, concurrently with the materialization of its expansion initiatives, will have a major effect on SHL's business and financial performance in the coming years.

SHL Telemedicine – consolidated key figures 2011

in USD million (except per share amounts)	12M 2011	12M 2010	% change	12M 2011 (constant currency)	% change (constant currency)
Revenues	42.4	50.3	(15.7%)	40.8	(18.9%)
Gross profit	27.0	33.3	(18.9%)	26.0	(21.9%)
%	63.7%	66.2%		63.7%	
EBIT	4.2	6.0	(30.0%)	4.2	(30.0%)
%	9.9%	11.9%		10.3%	
EBITDA	9.1	11.4	(20.2%)	8.8	(22.8%)
%	21.5%	22.7%		21.6%	
Net income	4.0	4.9	(18.4%)	4.0	(18.4%)
%	9.4%	9.7%		9.8%	
EPS	0.38	0.46	(17.3%)	0.38	(17.3%)

SHL Telemedicine – consolidated key figures Q4 11

in USD million (except per share amounts)	Q4 2011	Q4 2010	% change	Q4 2011 (constant currency)	% change (constant currency)
Revenues	9.1	13.5	(32.6%)	9.5	(29.6%)
Gross profit	5.5	8.9	(38.2%)	5.7	(36.0%)
%	60.4%	65.9%		60.0%	
EBIT	0.2	1.4	(85.7%)	0.3	(78.6%)
%	2.2%	10.4%		3.2%	
EBITDA	1.5	2.7	(44.4%)	1.5	(44.4%)
%	16.5%	20.0%		15.8%	
Net income	0.3	0.9	(66.7%)	0.4	(55.6%)
%	3.3%	6.7%		4.2%	
EPS	0.03	0.09	(64.6%)	0.04	(59.4%)



* Constant currency - In order to enable meaningful comparison between the 2011 and 2010 results, 2011 results are also presented at constant currency exchange rates. These are calculated by translating the 2011 results using the average 2010 exchange rates instead of the current period 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.

Revenues by geographic distribution 2011

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
12M 2011	22.8	53.8%	14.8	34.9%	4.8	11.3%
12M 2010	22.3	44.4%	21.6	42.9%	6.4	12.7%
12M 2011 (constant currency exchange rates)	21.9	53.6%	14.1	34.6%	4.8	11.8%
% change in constant currency	(1.8%)		(34.7%)		(25.0%)	

Revenues by geographic distribution Q4 11

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q4 2011	5.6	61.5%	2.7	29.7%	0.8	8.8%
Q4 2010	6.2	45.9%	5.7	42.2%	1.6	11.9%
Q4 2011 (constant currency exchange rates)	5.8	61.1%	2.9	30.5%	0.8	8.4%
% change in constant currency	(6.5%)		(49.1%)		(50.0%)	

The comprehensive Annual Report 2011 is available under: <http://www.shl-telemedicine.com/investors-relations/>

IR Agenda 2012

May 30, 2012	Q1 Results
June 12, 2012	AGM, Tel Aviv
August 22, 2012	Q2 Results
November 21, 2012	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 in Germany, 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)	31.12.2011	31.12.2010
Cash and cash equivalents	16,911	2,609
Available-for-sale investments	16,383	17,603
Trade receivables	19,003	7,984
Other current assets	3,422	2,883
Current Assets	55,719	31,079
Non-Current Assets	15,561	24,592
Fixed Assets, net	15,708	17,953
Intangible Assets, net	21,208	21,440
Total Assets	108,196	95,064
Credit from banks and current maturities	9,441	2,362
Deferred revenues	114	5,155
Trade payables	999	1,996
Income tax payable	-	1,059
Provisions	2,485	2,567
Other accounts payable	5,495	6,207
Current Liabilities	18,534	19,346
Long-term loans	22,139	
Employee benefit liabilities	810	796
Deferred taxes	150	226
Non-current Liabilities	23,099	1,022
Total liabilities	41,633	20,368
Equity attributable to SHL shareholders:		
Issued capital	31	31
Additional paid-in capital	93,894	93,406
Treasury shares	(2,201)	(1,573)
Foreign currency translation reserve	788	5,787
Available-for-sale reserve	8	58
Accumulated deficit	(25,957)	(23,013)
Total Equity	66,563	74,696
Liabilities and Equity	108,196	95,064



Statements of Income (USD thousands, except per share data)	2011	2010
Revenues	42,374	50,252
Depreciation and amortization	2,467	2,287
Cost of revenues	12,925	14,692
Gross Profit	26,982	33,273
Research and development costs	1,334	1,597
Selling and marketing expenses	9,566	14,747
General and administrative expenses	11,910	10,945
Operating income	4,172	5,984
Financial income	4,650	3,791
Financial expenses	(4,033)	(3,723)
Income before taxes on income	4,789	6,052
Taxes on income	792	1,191
Net income	3,997	4,861
Exchange differences from foreign currency translation	(4,999)	4,290
Transfer to the statement of income of available-for-sale investments	(130)	280
Gain (loss) from available-for-sale investments	80	(497)
Total comprehensive income	(1,052)	8,934
Basic and diluted profit per share	0.38	0.46



Statements of Cash Flows (USD thousands)	2011	2010
Net income	3,997	4,861
Adjustment required to reconcile net income to net cash provided by (used in) operating activities	(7,500)	(1,853)
Net Cash provided by (used in) Operating Activities	(3,503)	3,008
Purchase of fixed assets	(2,535)	(3,469)
Acquisition of business activities	(278)	(435)
Investment in intangible assets	(2,048)	(2,240)
Proceeds from sale of fixed assets	-	27
Purchase of available-for-sale investments	(7,971)	(16,139)
Proceeds from sale of available-for-sale investments	7,874	18,012
Net Cash used in Investing Activities	(4,958)	(4,244)
Proceeds from exercise of options	21	216
Short-term bank credit, net	4,644	1,793
Long-term loans received	27,948	-
Payment of long-term loans	(1,254)	-
Dividend paid	(6,941)	-
Treasury shares purchased	(628)	(6)
Net Cash provided by Financing Activities	23,790	2,003
Effect of exchange rate changes on cash and cash equivalents	(1,027)	3
Increase in cash and cash equivalents	14,302	770
Cash and cash equivalents at the beginning of the period	2,609	1,839
Cash and Cash equivalents at the end of the period	16,911	2,609