

Press release

SHL discloses write offs and extraordinary items for full year results 2016

Tel Aviv / Zurich, 21 July 2017 – SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN, OTCPK: SMDCY) (“SHL”), a leading provider and developer of advanced personal telemedicine solutions, announced today, ahead of the disclosure of the audited 2016 full year results to be finalized by the end of this month, that in the course of the ongoing thorough review of the financial accounts as well as of the plans and projections with respect to SHL’s future operations a number of extraordinary non-recurring items have been identified which are expected to impact SHL’s equity. In particular, these items include:

- *Income Tax:* As already reported, SHL has received in November 2016 a final judgement regarding previous years’ income tax assessment. The additional financial tax liability to be recognized in 2016 is USD 4.7m.
- *Sales wages and commissions:* SHL decided to change its accounting policy in this regard to be in line with IFRS 15 which will be effective starting 1 January 2018. This will require a retroactive adjustment of USD 3.8m, comprised of a write-off of USD 3.4m in the 2015 equity opening balance, plus additional expenses of USD 0.4m in 2015. The impact due to the change in accounting policy in 2016 will be marginal.
- *Adjustments in fixed assets:* SHL will correct a technical error in the fixed assets roll forward schedule, and will record an impairment on old devices, resulting in an adjustment of its fixed assets of USD 2.6m out of which a net amount of USD 1.6m as of 31 December 2016 will be treated as a restatement in previous years.
- *Capitalization of development costs:* SHL decided to write-off certain obsolete assets and impair certain other assets in view of technology advancements and SHL’s projections for its global operations, resulting in an adjustment of its intangible assets of USD 1.7m.
- *Cost savings in Germany:* On the positive side, SHL informed in May 2017 that it had generated an income of EUR 5.3m from cost savings delivered under a Chronic Disease Management Services contract in Germany, relating to the year 2015. This income will be recognized as revenue in 2016.

These extraordinary items along with other items such as adjustment of deferred taxes in Israel and of inventories will negatively impact SHL’s equity to the amount of approximately USD 9.3m.

SHL’s Committee for the Examination of Financial Statements will make its recommendations to the Board, which together with the final results and after the completion of the annual audit, will be discussed and then approved by the Board pursuant to Israeli law. Therefore, the above information and numbers are not final yet. The audited annual results for 2016 are scheduled to be finalized and disclosed by 31 July 2017 as per the extended deadline granted by SIX Exchange Regulation for the publication of SHL’s 2016 Annual Report.

Financial calendar

Annual results 2016	31 July 2017
	07.00am cet press release
	09.30am cet investor & media conference call



About SHL Telemedicine

SHL Telemedicine is engaged in developing and marketing personal telemedicine systems and the provision of medical call center services, with a focus on cardiovascular and related diseases, to end users and to the healthcare community. SHL Telemedicine offers its services and personal telemedicine devices to subscribers utilizing telephonic and Internet communication technology. The company operates in Israel, Germany, India and the United States in one business segment, Telemedicine services. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957) and has an ADR program listed over-the counter; Symbol: SMDCY. For more information, please visit our web site at www.shl-telemedicine.com.

For further information please contact:

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.