Half-Year Report 2008

SHL Telemedicine Ltd.
1 January - 30 June

Dear Shareholders,
We are very satisfied with the growth momentum building up in recent quarters in our German operations, bringing it to profitability for the first time and contributing to the overall improved performance of the Company.

The increased market awareness to our telemedicine solutions which is aided by the German health reform is causing German health insurers to find alternative cost saving treatments and platforms in order to tackle their increased health care spending burden. At the same time they are helping their patients to benefit from improved quality of care.

This has been evidenced by month after month of growth in the number of patients enjoying our telemedicine services. They caused revenues for the first half of 2008 to more than double those of the first half of 2007 – excluding Raytel's revenues for 2007. This growth has led our German operations to record in Q2 08 its first ever quarterly profit.

During the quarter we announced preliminary study results of the Diabetiva® program (telemedical treatment of diabetics). The «diabetes epidemic» is increasing in developed economies due to population growth, aging, urbanization, and increasing prevalence of obesity and physical inactivity with prevalence for the 65+ age group estimated at over 10% of the population and expected to grow in the next decades. It is estimated that the direct costs of diabetes in Germany accounts for over 14% of the total healthcare costs. The pilot conducted shows very promising results both in terms of cost savings for health insurers and in terms of improved well being and patient care. We expect to conclude the study during the second half of 2009.

We are beginning to reap the rewards for the patience and investment over the years in developing our services in Germany and expect the growth momentum in Germany to continue.

Our operations in Israel continue to steadily expand its subscriber base delivering strong results. This has been largely possible due to increased marketing efforts bringing to increased brand awareness together with new products and services offered like the CardioSen'C. We expect our Israeli operations to continue to grow at a steady pace and deliver strong operational and financial performance.

At the beginning of August, approval was received from the US Food and Drug Administration for the marketing of SHL's proprietary new 12 – lead ECG transmitter, the CardioSen'C. This innovative portable device is SHL's newest product in its cardiobeeper product range and 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.

Financial Highlights

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 H1/Q2 results appear in the accompanied financial statements.

Revenues for the second quarter of 2008 increased to USD 11.0 million compared to the previous quarter of USD 10.4 million and reflected an increase of some 70% over those of Q2 2007. **Gross profit** for the quarter amounted to USD 7.0 million compared to USD 3.5 million in Q2 07 and USD 6.7 million in Q1 08 with earnings before interest, tax and depreciation (**EBITDA**) totaling USD 2.3 million – 20.8% of revenues, a considerable improvement from USD 0.1 million (1.3% of revenues) in Q2 07 and a 27% increase from 1.8 million (17.4% of revenues) in Q1 08. **EBIT** for the quarter grew to USD 1.0 million (9.0% of revenues) from an LBIT of USD 0.9 million in Q2 07 and USD 0.7 (6.3% of revenues) in Q1 08

Revenues for the first half of the year increased by 71% to USD 21.4 million from USD 12.5 million in H1 2007. **Gross margins** for the half year improved as a result thereof from 54.1% to 63.8% giving a **gross profit** for the half year of USD 13.7 million compared to a gross profit of USD 6.8 million in H1 07. **EBITDA** for the period amounted to USD 4.1 million with the EBITDA margin reaching 19.2% of revenues compared to an LBITDA of USD 0.1 million in H1 2007. **EBIT** for the half year amounted to USD 1.7 million compared to an LBIT of USD 1.9 million in H1 07.

SHL's net profit for the half year amounted to USD 1.3 million compared to a net loss of USD 4.3 million in H1 2007. Due to its improved financial results and business prospects, the Company has recorded in this quarter an additional tax asset of USD 3.3 million on the assumption that it is now generating sufficient taxable income to utilize this previously unrecorded tax asset. In addition, SHL recorded financial income of USD 0.4 million compared to financial expenses of USD 3.7 in the previous quarter. As a result, **SHL's net profit for the quarter** amounted to USD 4.0 million compared to a net loss of USD 2.7 million in the previous quarter.

Cash reserves at 30th June amounted to USD 45 million. During the quarter the Company continued to reduce its loans and since the beginning of the year has now repaid some USD 35 million.

Balance sheet. SHL's total assets at 30th June totalled USD 112 million with shareholders' equity comprising USD 66 million.

Share buyback. In March 2008, the Board of Directors approved a share buyback up to an equivalent of USD 2 million until June 30, 2008 and during the quarter, SHL repurchased ordinary shares of the Company for an amount of USD 0.6 million. The Board of Directors has extended the period for the repurchase of shares until September 30, 2008.

Looking ahead. SHL expects a continuation of its positive operational results, which as set out above are mainly driven by the strong performance of its German operations. Consequently, SHL raises its guidance for the full year 2008. Revenue is now expected to be between USD 43 and 44 million (up from USD 38 to 41 million) and EBITDA between USD 8 and 9 million (up from USD 7 to 8 million).

Yours sincerely.

Yoram Alroy,
Chairman and President

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The Shareholders and Board of Directors
SHL Telemedicine Ltd.

Re:Review of unaudited interim condensed consolidated financial statements for the six months and three months ended June 30, 2008

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of SHL Telemedicine Ltd. ("the Company") and its subsidiaries as of June 30, 2008, comprising the interim consolidated balance sheet as of June 30, 2008 and the related interim consolidated statements of operations, changes in equity and cash flows for the six-month and three-month periods then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Tel-Aviv, Israel
August 12, 2008

Kost Forer Gabbay and Kasierer

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Condensed Consolidated Balance Sheets U.S. dollars in thousands

	June 30,		December 31,
	2008	2007	2007
	Unaudited		Audited
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	11,426	4,730	84,546
Available-for-sale investments	34,036	-	-
Short-term investments	-	1,533	-
Trade receivables	3,382	18,451	2,641
Prepaid expenses	2,579	2,821	2,066
Income tax receivable	612	364	514
Other accounts receivable	1,241	330	1,277
Inventory	595	604	601
	53,871	**28,833**	**91,645**
Assets of disposal group classified as held-for-sale	-	230	-
	53,871	**29,063**	**91,645**
LONG-TERM ASSETS:			
Trade receivables	3,649	3,041	3,385
Prepaid expenses	6,512	5,738	5,916
Investment in associate	73	44	59
Long-term deposits	132	4,349	4,363
Deferred taxes	11,158	6,652	6,717
	21,524	**19,824**	**20,440**
FIXED ASSETS:			
Cost	49,931	55,183	42,316
Less - accumulated depreciation	32,440	33,081	26,689
	17,491	**22,102**	**15,627**
INTANGIBLE ASSETS, NET	**19,059**	**47,230**	**16,451**
Total assets	**111,945**	**118,219**	**144,163**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Balance Sheets U.S. dollars in thousands

	June 30,		December 31,
	2008	2007	2007
	Unaudited		Audited
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of long-term loans	15,135	44,006	42,422
Deferred revenues	9,528	2,258	10,548
Trade payables	1,822	8,704	1,998
Income tax payable	3,187	431	2,826
Other accounts payable	6,021	6,383	9,797
	35,693	**61,782**	**67,591**
LONG-TERM LIABILITIES:			
Loans from banks, lease obligations and others	4,229	24,758	7,649
Provisions	2,051	2,371	2,194
Accrued severance pay	661	800	452
Deferred revenues	2,850	2,091	5,435
Deferred taxes	392	551	346
	10,183	**30,571**	**16,076**
Total liabilities	**45,876**	**92,353**	**83,667**
EQUITY:			
Equity attributable to equity holders of the parent:			
Issued capital	31	31	31
Additional paid-in capital	92,466	92,147	92,295
Treasury shares at cost	(859)	(269)	(269)
Foreign currency translation reserve	8,802	(7,769)	(120)
Other reserves	(230)	-	
Accumulated deficit	(34,200)	(58,649)	(31,529)
	66,010	**25,491**	**60,408**
Minority interest	59	375	88
Total equity	66,069	25,866	60,496
Total liabilities and equity	**111,945**	**118,219**	**144,163**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

August 12, 2008	Yoram Alroy	Yariv Alroy
Date of approval of the financial statements	Chairman of the Board of Directors and President	Co - CEO

Condensed Consolidated Statements of Operations U.S. dollars in thousands (except per share data)

	Three months ended June 30,		Six months ended June 30,		Year ended December 31,
	2008	2007	2008	2007	2007
	Unaudited				Audited
Continuing operations:					
Revenues	11,043	15,873	21,441	31,514	62,124
Cost of revenues	4,069	7,720	7,765	15,181	29,574
Gross profit	6,974	8,153	13,676	16,333	32,550
Research and development costs, net	260	296	533	498	2,550
Selling and marketing expenses	3,082	3,194	5,955	6,110	12,610
General and administrative expenses	2,638	5,609	5,531	10,669	27,534
Operating income (loss)	994	(946)	1,657	(944)	(10,144)
Financial income	3,700	566	6,773	1,471	4,758
Financial expenses	(3,259)	(2,421)	(9,992)	(4,117)	(7,988)
Other income (expenses), net	(483)	15	(439)	100	43,524
Income (loss) before taxes on income	952	(2,786)	(2,001)	(3,490)	30,150
Taxes on income (tax benefit) (Note 5)	(3,014)	894	(3,285)	1,028	6,497
Income (loss) from continuing operations	3,966	(3,680)	1,284	(4,518)	23,653
Discontinued operations:					
Profit associated with discontinued operations	-	944	-	5,121	3,981
Net income (loss)	**3,966**	**(2,736)**	**1,284**	**603**	**27,634**
Attributable to:					
Equity holders of the parent	3,966	(2,741)	1,284	(3,745)	23,375
Minority interest	-	5	-	4,348	4,259
	3,966	**(2,736)**	**1,284**	**603**	**27,634**
Earnings per share:					
Basic profit (loss) for the period attributable to Ordinary equity holders of the parent	0.37	(0.26)	0.12	(0.35)	2.20
Diluted profit (loss) for the period attributable to Ordinary equity holders of the parent	0.37	(0.26)	0.12	(0.35)	2.16
Earnings (loss) per share for continuing operations:					
Basic earnings (loss) for continuing operations attributable to ordinary equity holders of the parent	0.37	(0.35)	0.12	(0.43)	2.23
Diluted earnings (loss) for continuing operations attributable to Ordinary equity holders of the parent	0.37	(0.35)	0.12	(0.43)	2.19

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity U.S. dollars in thousands

	Attributable to equity holders of the parent										
	Issued capital	Additional paid-in capital	Treasury shares	Foreign currency translation reserve	Other reserves	Accumulated deficit	Total	Minority interest	Total equity	Total recognized income Parent	Total recognized income Minority
Balance at January 1, 2007 (audited)	31	92,006	(269)	(7,773)	-	(54,904)	29,091	715	29,806		
Exercise of options	-	52	-	-	-	-	52	-	52		
Share-based payments	-	237	-	-	-	-	237	-	237		
Currency translation differences	-	-	-	7,653	-	-	7,653	-	7,653	7,653	-
Distribution to minority interest	-	-	-	-	-	-	-	(4,754)	(4,754)	-	
Change in equity of minority interest	-	-	-	-	-	-	-	(132)	(132)	-	
Net income	-	-	-	-	-	23,375	23,375	4,259	27,634	23,375	4,529
										31,028	**4,529**
Balance at December 31, 2007 (audited)	31	92,295	(269)	(120)	-	(31,529)	60,408	88	60,496		
Dividend paid (Note 4)	-	-	-	-	-	(3,955)	(3,955)	-	(3,955)		
Treasury shares	-	-	(590)	-	-	-	(590)	-	(590)		
Exercise of options	-	76	-	-	-	-	76	-	76		
Share-based payments	-	95	-	-	-	-	95	-	95		
Currency translation differences	-	-	-	8,922	-	-	8,922	-	8,922	8,922	
Change in equity of minority interest	-	-	-	-	-	-	-	(29)	(29)	-	
Loss on available-for-sale financial investments	-	-	-	-	(230)	-	(230)	-	(230)	(230)	
Net income	-	-	-	-	-	1,284	1,284	-	1,284	1,284	-
										9,976	**-**
Balance at June 30, 2008 (unaudited)	**31**	**92,466**	**(859)**	**8,802**	**(230)**	**(34,200)**	**66,010**	**59**	**66,069**		
Balance at January 1, 2007 (audited)	31	92,006	(269)	(7,773)	-	(54,904)	29,091	715	29,806		
Share-based payments	-	141	-	-	-	-	141	-	141	-	
Currency translation differences	-	-	-	4	-		4	-	4	4	
Distribution to minority interest	-	-	-	-	-	-	-	(4,688)	(4,688)	-	
Net income (loss)	-	-	-	-	-	(3,745)	(3,745)	4,348	603	(3,745)	4,348
										(3,741)	**4,348**
Balance at June 30, 2007 (unaudited)	**31**	**92,147**	**(269)**	**(7,769)**	**-**	**(58,649)**	**25,491**	**375**	**25,866**		

The accompanying notes are an integral part of the consolidated financial statements.

Condensed Consolidated Statements of Cash Flows U.S. dollars in thousands

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007	Year ended December 31, 2007
	Unaudited				Audited
Cash flows from operating activities:					
Net income (loss)	3,966	(2,736)	1,284	603	27,634
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities (a)	(5,405)	3,588	(11,478)	(320)	(29,435)
Net cash provided by (used in) operating activities	(1,439)	852	(10,194)	283	(1,801)
Cash flows from investing activities:					
Purchase of fixed assets	(1,182)	(611)	(1,854)	(1,687)	(4,524)
Cash received (refunded) upon sale of subsidiary (b)	(488)	-	(488)	5,649	107,283
Investment in intangible assets	(352)	(277)	(615)	(787)	(1,388)
Proceeds from sale of fixed assets	-	33	36	181	199
Marketable securities, net	-	1,287	-	1,287	2,884
Proceeds from sale of long-term deposits	2,200	-	4,200	-	-
Purchase of available-for-sale investments	(6,865)	-	(53,386)	-	-
Proceeds from sale of available-for-sale investments	19,986	-	19,986	-	-
Net cash provided by (used in) investing activities	**13,299**	**432**	**(32,121)**	**4,643**	**104,454**
Cash flows from financing activities:					
Proceeds from long-term loans from banks and others	-	780	-	1,547	14,833
Repayment of long-term loans from banks and others	(4,874)	(8,556)	(11,749)	(11,038)	(37,239)
Short-term bank credit, net	(19,907)	4,290	(23,708)	4,245	(519)
Distributions to minority interest	(21)	(125)	(29)	(4,688)	(4,886)
Proceeds from exercise of options	73	-	76	-	52
Treasury shares purchased	(590)	-	(590)	-	-
Dividend paid	(3,955)	-	(3,955)	-	-
Net cash used in financing activities	**(29,274)**	**(3,611)**	**(39,955)**	**(9,934)**	**(27,759)**
Effect of exchange rate changes on cash and cash equivalents	**2,562**	**(40)**	**9,150**	**60**	**(26)**
Increase (decrease) in cash and cash equivalents	(14,852)	(2,367)	(73,120)	(4,948)	74,868
Cash and cash equivalents at the beginning of the period	26,278	7,097	84,546	9,678	9,678
Cash and cash equivalents at the end of the period	**11,426**	**4,730**	**11,426**	**4,730**	**84,546**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows U.S. dollars in thousands

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007	Year ended December 31, 2007
	Unaudited				Audited
(a) Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Income and expenses not involving operating cash flows:					
Gain on sale of subsidiaries	-	-	-	(4,773)	(48,248)
Loss from sale price adjustments	488		488		
Depreciation and amortization	1,250	1,852	2,365	3,471	8,730
Deferred taxes, net	(3,003)	208	(3,290)	568	920
Loss (gain) on disposal of fixed assets	-	(30)	(34)	32	14
Accrued severance pay	91	40	135	54	(350)
Exchange rate and linkage differences on principal of long-term liabilities, net	(970)	431	(878)	117	(270)
Realized loss (gain) on marketable securities	524	65	524	(3)	-
Exchange rate differences on short and long-term deposits, net	(80)	(99)	443	(28)	(2)
Share-based payments	47	71	95	141	237
Others	(2)	26	(9)	28	-
	(1,655)	**2,564**	**(161)**	**(393)**	**(38,969)**
Changes in operating assets and liabilities:					
Decrease (increase) in short and long-term trade receivables, net	(299)	1,324	(180)	454	5,048
Decrease in prepaid expenses	31	173	57	618	1,337
Decrease (increase) in other accounts receivable	(46)	(45)	156	(37)	(1,039)
Decrease (increase) in inventory	38	(4)	90	(4)	59
Increase (decrease) in trade payables	(459)	363	(432)	736	149
Decrease in deferred revenues	(1,919)	(403)	(5,672)	(953)	(1,792)
Increase (decrease) in short and long-term other accounts payable and income tax payable	(1,096)	(384)	(5,336)	(741)	5,772
	(3,750)	**1,024**	**(11,317)**	**73**	**9,534**
	(5,405)	**3,588**	**(11,478)**	**(320)**	**(29,435)**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows U.S. dollars in thousands

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007	Year ended December 31, 2007
	Unaudited				Audited
(b) Cash received upon sale of subsidiary:					
Working capital (excluding cash and cash equivalents)	-	-	-	-	14,810
Fixed assets, net	-	-	-	38	7,789
Intangible assets, net	-	-	-	838	31,787
Long-term liabilities	-	-	-	-	(5,718)
Gain on sale	-	-	-	4,773	48,248
Sale price adjustments (Note 1b)	488	-	488	-	-
Currency translation differences	-	-	-	-	10,367
	488	**-**	**488**	**5,649**	**107,283**
(c) Supplemental disclosure of cash flows activities:					
Interest received	**327**	**34**	**806**	**226**	**625**
Interest paid	**431**	**1,208**	**1,044**	**2,303**	**4,477**
Income taxes paid	**22**	**170**	**41**	**320**	**4,156**

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTE 1 | GENERAL

a. These financial statements have been prepared as of June 30, 2008, and for the six months and three months then ended. These financial statements are to be read in conjunction with the audited annual financial statements and accompanying notes of SHL Telemedicine Ltd. ("the Company") as of December 31, 2007 ("the annual financial statements").

b. The Company completed on November 30, 2007 ("the transaction date"), the sale of Raytel Cardiac Services and other ancillary operations in the U.S. ("Raytel") to Royal Philips Electronics ("Philips"), an 18.6 % shareholder in the Company, following the approval of the transaction by a special general meeting of the Company's shareholders on November 27, 2007. The 2007 results of operations presented in these financial statements include the operations of Raytel until the transaction date.

As part of the agreement for the sale of Raytel, the Company agreed to provide Philips (Raytel) with a license to use its IT platform to provide current and future services in the North American market. The software and business process modules are expected to be delivered during the years 2008 – 2010. The fair value of the consideration allocated an amount of approximately $ 23,000, which will be recognized as the software and business processes are delivered. Commencing in 2008, the revenues from these services comprise the Company's operations in the United States (see Note 6).

In 2008, the Company repaid Philips $ 488 thousands, in respect of certain sales price adjustments under the agreement, for the sale of Raytel.

c. Following are data regarding the Israeli CPI and the exchange rates of the Euro, U.S. dollar and the Swiss Franc:

For the period ended	Israeli CPI Points *)	Exchange rate of € 1 NIS	Exchange rate of U.S. $ 1 NIS	Exchange rate of CHF 1 NIS
June 30, 2008	116.30	5.285	3.352	3.289
June 30, 2007	110.97	5.713	4.249	3.450
December 31, 2007	113.63	5.659	3.846	3.420

Change during the period	%	%	%	%
June 2008 (6 months)	2.4	(6.6)	(12.9)	(3.8)
June 2007 (6 months)	1.0	2.7	0.6	(0.5)
June 2008 (3 months)	2.3	(5.9)	(5.7)	(8.1)
June 2007 (3 months)	1.3	3.2	2.3	1.2
December 2007 (12 months)	3.4	1.7	(8.9)	(1.3)

*) The index on an average basis of 2000 = 100.

NOTE 2 | SIGNIFICANT ACCOUNTING POLICIES

a. **The interim consolidated financial statements** are prepared in accordance with the principles set forth in IAS 34. The significant accounting policies and methods of measurement applied in the annual consolidated financial statements of the Company as of December 31, 2007, are applied consistently in these financial statements, except for the adoption of new accounting policies described in b. and c. below.

b. Available-for-sale financial investments:

Available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in the statement of operations.

c. Revenue recognition:

Revenues from the sale of IT platform modules and related services are recognized as the services and modules are delivered.

NOTE 3 | TRANSACTIONS WITH RELATED PARTIES

a.

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007	Year ended December 31, 2007
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands				
Revenues	1,720	-	3,305	-	-
Rent expense to shareholders	43	30	74	60	120
Compensation of key management personnel:					
Short-term employee benefits	316	268	626	547	2,818
Share-based compensation	22	24	43	46	52
	338	292	669	593	2,870

b. Regarding the sale of a subsidiary to a shareholder, see Note 1b.

NOTE 4 | DIVIDEND PAID

On March 25, 2008, the Company declared a dividend in the amount of $ 0.37 per share (for a total amount of approximately $ 3,955 thousand). The dividend was paid on April 15, 2008, to the Company's shareholders of record on April 14, 2008.

NOTE 5 | INCOME TAXES

During the period, the Company re-evaluated its deferred tax assets mainly in relation to deferred revenues and concluded that it is probable that sufficient taxable income will be available to allow for the realization of an asset in a net amount of $ 3,342 thousand which was recorded as a tax benefit and included in the statement of operations.

NOTE 6 | DISCONTINUED OPERATIONS

During 2007, the Company completed the discontinuation and divesture of its remaining imaging centers in the US, and sold other ancillary operations to Philips (see Note 1b). As a result, these operations have been reported as discontinued operations.

The results of the discontinued operations are presented below:

	Three months ended June 30, 2007	Six months ended June 30, 2007	Year ended December 31, 2007
	Unaudited		Audited
	U.S. Dollars in thousands (except per share data)		
Revenues	5,735	11,374	18,579
Cost of revenues	(3,913)	(7,866)	(12,967)
Selling, general and administrative expenses	(1,492)	(3,341)	(5,973)
Other expenses	(122)	(237)	(366)
Gain on sale	-	4,773	5,459
Profit before tax from discontinued operations	208	4,703	4,732
Taxes on income (tax benefit)	(736)	(418)	751
Profit	**944**	**5,121**	**3,981**

The net cash flows of discontinued operations are as follows:

	Three months ended June 30, 2007	Six months ended June 30, 2007	Year ended December 31, 2007
Operating cash flows	(403)	(870)	926
Investing cash flows	66	64	6,761
Financing cash flows	293	715	(7,224)
Net cash inflows (outflow)	**(44)**	**(91)**	**463**
Earnings per share:			
Basic, from discontinued operations attributable to Ordinary equity holders of the parent	0.08	0.07	(0.03)
Diluted, from discontinued operations attributable to Ordinary equity holders of the parent	0.08	0.07	(0.03)

NOTE 7 | SEGMENT INFORMATION

a. General:

At the end of 2007, the Company ceased its operations in the medical services business segment (included in discontinued operations in 2007 - Note 5) and continues to operate in its main business segment of telemedicine services. The Group operates in three principal geographical segments according to IAS 14: Europe, United States and Israel.

b. Geographical segments:

The following tables present revenue and profit information, and certain asset and liability information regarding geographical segments:

1. Revenues:

	Three months ended June 30,		Six months ended June 30,		Year ended December 31,
	2008	2007	2008	2007	2007
	Unaudited				Audited
	U.S. Dollars in thousands				
Sales to external customers:					
Europe	3,803	1,766	7,227	3,186	8,917
United States *)	1,720	9,366	3,305	18,987	34,586
Israel	5,520	4,741	10,909	9,341	18,621
	11,043	**15,873**	**21,441**	**31,514**	**62,124**
Intersegment sales:					
Europe	185	60	297	125	455
Israel	676	578	1,221	1,090	2,943
	861	**638**	**1,518**	**1,215**	**3,398**
Total revenues	11,904	16,511	22,959	32,729	65,522
Adjustments	(861)	(638)	(1,518)	(1,215)	(3,398)
Total revenues in financial statements	**11,043**	**15,873**	**21,441**	**31,514**	**62,124**

*) 2008 – revenues from delivery of IT platform modules and related services – see Note 1b.

2. Segments results:

	Three months ended June 30,		Six months ended June 30,		Year ended December 31,
	2008	2007	2008	2007	2007
	Unaudited				Audited
	U.S. Dollars in thousands				
Sales less directly attributable and allocable expenses:					
Europe	168	(503)	(3)	(1,165)	(1,581)
United States *)	1,560	(32)	2,992	1,002	(858)
Israel	598	718	1,655	1,565	2,976
	2,326	**183**	**4,644**	**1,402**	**537**
Unallocated expenses	**(1,332)**	**(1,129)**	**(2,987)**	**(2,346)**	**(10,681)**
Operating income (loss)	**994**	**(946)**	**1,657**	**(944)**	**(10,144)**

*) 2008 – From delivery of IT platform modules and related services – see Note 1b.

Information for investors

SHL TeleMedicine: profile

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 Healthcare. SHL is listed on the SWX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957). More information available at: www.shl-telemedicine.com.

Capital structure

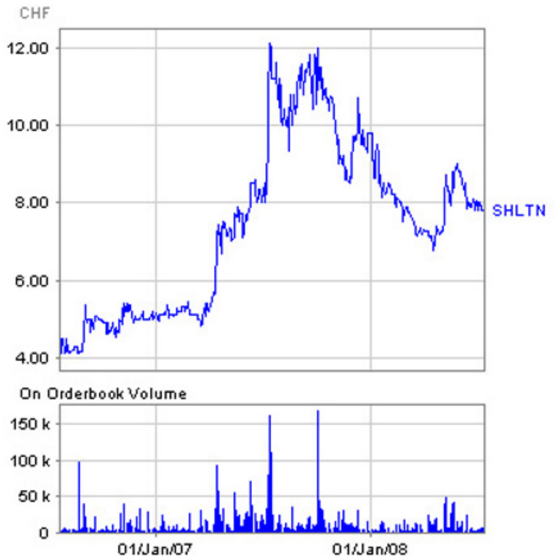
The issued share capital is divided into 10,700,349 registered shares with a par value of NIS 0.01 each.

Significant shareholders'

Royal Philips Electronics	18.74%
Alroy Group	18.37%
Tower Holdings B.V.	14.31%
G.Z. Asset and Management Ltd.	8.72%
Public	39.86%

The above table of Significant Shareholders reflects actual holdings in accordance with the SAG Register as of June 30, 2008, after deducting from the total number of shares outstanding 136,280 Ordinary Shares held by SHL, and does not reflect holdings on a fully diluted basis.

SHL Telemedicine: share-price development



Statistics on SHL Telemedicine as at June 30, 2008

Registered shares with a par value of NIS 0.01 each

Securities number	1128957
Number of shares	10,700,349
Market price high/low (CHF)	9.77/6.53
Market capitalization high/low (CHF million)	104.4/69.8
Market capitalization 30/6/2008 (CHF million)	85.5
Share capital – nominal value (NIS)	106,885
Majority interests	60.14%

Listing

All SHL shares are listed on SWX Swiss Exchange
Ticker symbol: SHLTN
Currency: CHF
Listing date: November 15, 2000

Investor relations

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