



Press Release

SHL Telemedicine reports on further progress in its German operations. Financial results for Q3 in line with expectations – USD 4.6 million net profit due to capital gain.

Tel Aviv/Zurich, November 22, 2005 – SHL's results for the third quarter reflect the effects of the divestiture of Bikurofe, its Israeli outpatient clinics and doctor visit services' company at the beginning of July. As a consequence the ongoing 2005 figures no longer include the Bikurofe operations. In addition, it should be recalled that SHL's 2005 operation statement now reflects the performance of PHTS, SHL's wholly owned subsidiary in Germany whereas in 2004 these activities were netted against the negative goodwill of the Company. Thus SHL's 2005 figures are not directly comparable to the figures for the equivalent periods of 2004.

SHL's revenues for the third quarter and nine months of 2005 amounted to USD 21.9 million and USD 74.1 million respectively. Revenues for the third quarter and nine months of 2004 totaled USD 25.7 million and USD 78.7 million. International operations now account for some 76 % of SHL's total revenues.

Gross profit for Q3 and the nine months of 2005 totaled USD 9.6 million and USD 32.9 million, giving an EBITDA of USD 0.1 million and USD 3.5 million, respectively. In 2004 the gross profit totaled USD 11.1 million and USD 35.0 million in Q3 and the nine months of 2004, with EBITDA of USD 1.3 million and USD 5.6 million, respectively.

SHL's net income for Q3 and the nine months of 2005 totaled USD 4.6 million and USD 3.5 million, respectively with EPS for Q3 and the nine months of 2005 amounting to USD 0.39 and USD 0.19. These figures include the capital gain of USD 8.9 million recorded by the Company as a result of the sale of Bikurofe. For the corresponding periods of 2004, SHL reported a net loss of USD 1.0 million and a net income of USD 0.3 million, respectively with a LPS of USD (0.14) and USD (0.09).

Germany – advancement in existing contracts

PHTS's existing contracts with German health insurers are developing well and generating revenues although still substantially less than PHTS's operating costs. The company has continued to discuss agreements with additional health insurers and is expecting to significantly increase the number of patients benefiting from these services and revenues in the coming periods.

US – progress of INR @ Home

During the quarter the operations of SHL's cardiac monitoring division in the US continued to perform satisfactorily with good progress being made in the introduction of its anticoagulation blood monitoring system - INR @ Home.

The Raytel Diagnostic Services imaging operations which are undergoing a process of restructuring have been further affected by pre certification programs introduced by many of the major payors and the company is initiating further efficiency measures to improve the performance of this division.

Positive operating cash flow in Q3

In Q3, SHL's operations continued to generate positive operating cash flow of USD 1.1 million virtually offsetting the negative operating cash flow at the beginning of the year. For the nine months period of 2005 the Company's operating cash flow improved by some USD 1 million over the corresponding period of 2004. At the end of the quarter, SHL's cash, cash equivalents, deposits and marketable securities amounted to USD 30.6 million.

Key figures (in USD million)

	Q3 05	Q3 04	9M 05	9M 04
Revenues	21.9	25.70	74.1	78.7
Gross Profit	9.6	11.10	32.9	35.0
%	43.9%	43.3%	44.4%	44.5%
EBITDA	0.1	1.30	3.5	5.6
%	0.3%	5%	4.7%	7.1%
EBIT	(1.5)	0.1	(1.1)	2.7
%	(6.7%)	0.5%	(1.5%)	3.4%
Capital Gain	8.9	-	8.9	-
Net Income (loss)	4.6	(1.0)	3.5	0.3

Next publication:

30 March 2006 FY Results 2005

About SHL TeleMedicine

SHL TeleMedicine is a leading provider and developer of advanced personal telemedicine solutions as well diagnostic services to individuals and to the healthcare community. SHL maintains business operations in the US, Europe and Israel. SHL is listed on the SWX Swiss Exchange, symbol SHLTN. More information on SHL's activities is available on the Company's web site: www.shl-telemedicine.com.

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Balance Sheets (USD thousands)	Sept 30, 2005	Sept 30, 2004	Dec 31, 2004
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Cash, cash equivalents and short term deposits	26'260	21'744	22'080
Trade receivables	22'772	27'015	23'867
Inventory	5'049	6'165	6'238
Other current assets	11'204	15'016	12'040
Current Assets	65'285	69'940	64'225
Long-term Assets	54'082	58'492	62'198
Fixed Assets, net	15'415	15'782	16'316
Intangible Assets, net	46'993	50'966	53'004
Total Assets	181'775	195'180	195'743
Credit from banks and others	41'903	40'874	42'074
Trade payables	9'755	6'348	8'647
Income taxes payable	2'143	1'528	2'201
Other accounts payable	7'892	13'135	12'150
Current Liabilities	61'693	61'885	65'072
Long-term loans from banks and others	35'035	43'916	43'219
Provisions	2'934	2'570	3'613
Accrued severance pay	474	1'216	1'531
Deferred taxes	566	727	793
Long-term Liabilities	39'009	48'429	49'156
Total liabilities	100'702	110'314	114'228
Equity attributable to SHL shareholders:			
Share capital	31	31	31
Additional paid-in capital	91'757	91'594	91'594
Treasury shares at cost	(558)	(509)	(558)
Foreign currency translation reserve	564	(165)	(1'104)
Foreign currency exchange differences	(9'090)	(7'219)	(4'058)
Accumulated deficit	(3'049)	(527)	(5'708)
	79'655	83'205	80'197
Minority interest	1'418	1'661	1'318
Total Equity	81'073	84'866	81'515
Total Liabilities and Equity	181'775	195'180	195'743

Statements of Operations (USD thousands, except per share data)	Q3 05	Q3 04	9M 05	9M 04	Y 2004
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Revenues from sales of devices and services	21'871	25'706	74'139	78'714	103'052
Cost of sales of devices and services	12'275	14'581	41'279	43'675	58'402
Gross Profit	9'596	11'125	32'860	35'039	44'650
Research and development costs, net	234	206	723	583	712
Selling and marketing expenses	3'413	3'053	10'150	8'725	12'811
General and administrative expenses	7'409	7'739	23'097	23'028	32'835
Operating Income (Loss) (EBIT/LBIT)	(1'460)	127	(1'110)	2'703	(1'708)
Financial income (expenses), net	(640)	(928)	(2'415)	(2'211)	(3'534)
Gain on sale of subsidiary	8'842	-	8'842	-	-
Other income (expenses), net	15	(60)	9	(108)	207
Income (Loss) before taxes on Income	6'757	(861)	5'326	384	(5'035)
Taxes on income	2'159	153	1'818	87	(318)
Net Income (Loss)	4'598	(1'014)	3'508	297	(4'717)
Attributable to SHL shareholders'	4'112	(1'454)	2'036	(910)	(6'091)
Minority Interest	486	440	1'472	1'207	1'374
Earnings (Loss) Per Share	0.39	(0.14)	0.19	(0.09)	(0.58)

Statements of Cash Flows (USD thousands)	Q3 05	Q3 04	Y 2004
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Net income (loss) for the period	4'598	(1'014)	(4'717)
Adjustments required to reconcile net income (loss) to net cash	(3'478)	1'491	6'022
Net Cash Provided by Operating Activities	1'120	477	1'305
Purchase of fixed assets	(1'075)	(1'145)	(5'155)
Net cash received in the acquisition of PHTS	-	-	11'035
Payment for acquisition of business activities, net of cash acquired	-	-	(4'734)
Cash received upon sale of subsidiary	16'781	-	-
Investment in intangible assets	(550)	(237)	(1'118)
Proceeds from sale of fixed assets	-	39	1'283
Short term investments, net	(696)	-	2'824
Long term deposits, net	(1)	-	37
Proceeds from marketable securities	4'205	-	27
Net Cash Provided by (Used in) Investing Activities	18'664	(1'343)	4'199
Proceeds from exercise of options	45	-	-
Proceeds from long-term loans from banks and others	122	509	13'723
Repayment of long-term loans from banks and others	(2'125)	(1'951)	(11'108)
Short-term bank credit, net	(660)	(294)	(6'983)
Distributions to minority interest	(705)	(439)	(1'435)
Purchase of minority interest	-	-	(48)
Payment of liability regarding the acquisition of Raytel and acquisition of business activities	-	(53)	(610)
Treasury shares acquired	-	(63)	(126)
Net Cash Used in Financing Activities	(3'323)	(2'291)	(6'587)
Effect of exchange rate changes on cash and cash equivalents	(288)	43	160
Increase (Decrease) in cash and cash equivalents	16'173	(3'114)	(923)
Cash and cash equivalents at the beginning of the period	8'224	19'725	17'807
Cash and cash equivalents at the end of the period	24'397	16'611	16'884