



Press release

Strong Positive Momentum of Q2 2008 Expected to Continue

- ***Revenue increases of 70% year over year, with strong growth in Germany***
- ***First quarter of operating and net profit for Germany***
- ***EBITDA of USD 2.3 million (21% of revenues)***
- ***Net income of USD 1.3 million for the half year***
- ***Raising guidance for the year***

Tel Aviv/Zurich, 13 August 2008 - SHL Telemedicine Ltd. (SWX: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the second 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 H1/Q2 results appear in the accompanied financial statements.

The growth momentum built up in recent quarters at SHL's German operations has brought these activities to profitability **during the quarter** under review and is contributing to the improved overall performance of the Company. In addition, the performance of the Israeli operations has continued to be very satisfactory. As a result, **revenues** for the second quarter of 2008 increased to USD 11.0 million compared to the previous quarter of USD 10.4 million which resulted in earnings before interest, tax and depreciation (**EBITDA**) of USD 2.3 million, corresponding to 21.0% of revenues, compared to 1.5% in Q2 2007. Revenues for the quarter reflected an increase of some 70% over those of Q2 2007.

Revenues for the first half of the year increased by 71% to USD 21.4 million from USD 12.5 million in H1 2007 giving an **EBITDA** of USD 4.1 million compared to an LBITDA of USD 0.1 million in H1 2007.

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 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 million 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.

Commenting on the results for the quarter Erez Alroy, Co-CEO of SHL Telemedicine stated: "During this period of uncertainty in the markets, coupled with the prevailing inflationary trends, it is satisfying to achieve improved results in all parameters of our operations. The opportunities offered by the SHL telemedicine platform, products and services successfully serve the ever increasing needs that are occurring within the healthcare field, provide cost savings to health insurers and increase the well being of patients. This is especially so in the German market where health insurers respond to the comprehensive structural changes that are being implemented and which at the same time



provide the growth drivers for SHL. We are beginning to reap the rewards for the patience and investment over the years in developing our services to this market and can now look forward to continuous growth there. "

Cash reserves at 30 June 2008 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 assets at 30 June 2008 totalled USD 112 million with shareholders' equity amounting to 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 30 June 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 30 September 30 2008.

Diabetic pilot study in Germany. During Q2 2008 SHL announced preliminary study results of the Diabetiva® program (telemedical treatment of diabetics). 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. SHL expects to conclude the study during the second half of 2009.

FDA approval of CardioSen'C. 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.

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).



SHL Telemedicine – consolidated key figures

in USD million (except per share amounts)	Q2 2008	Q2 2007 (*)	%	H1 2008	H1 2007 (*)	%
Revenues	11.0	6.5	69.2%	21.4	12.5	71.2%
Gross profit	7.0	3.5	100.0%	13.7	6.8	101.5%
%	63.6%	53.8%		64.0%	54.4%	
EBITDA	2.3	0.1	2,200%	4.1	(0.1)	n.a.
%	20.9%	1.5%		19.2%	n.a.	
EBIT/(LBIT)	1.0	(0.9)	n.a.	1.7	(1.9)	n.a.
%	9.1%	n.a.		7.9%	n.a.	
Net income (loss)	4.0	(2.5)	n.a.	1.3	(4.3)	n.a.
Basic EPS (LPS)	0.37	(0.24)	n.a.	0.12	(0.41)	n.a.

* 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%
H1 Revenues	10.9	50.9%	7.2	33.6%	3.3	15.4%

The full First-Half-Year-Report of 2008 is available on www.shl-telemedicine.com

Next event

Q3 Results November 11, 2008

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 SWX 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)	30.06.2008	30.06.2007	31.12.2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash, cash equivalents and short term investments	11,426	6,263	84,546
Available-for-sale investments	34,036	-	-
Trade receivables	3,382	18,451	2,641
Inventory	595	604	601
Other current assets	4,432	3,515	3,857
Assets of disposal group classified as held for sale	-	230	-
Current Assets	53,871	29,063	91,645
Long-term Assets	21,524	19,824	20,440
Fixed Assets, net	17,491	22,102	15,627
Intangible Assets, net	19,059	47,230	16,451
Total Assets	111,945	118,219	144,163
Credit from banks and others	15,135	44,006	42,422
Deferred revenues	9,528	2,258	10,548
Trade payables	1,822	8,704	1,998
Income taxes payable	3,187	431	2,826
Other accounts payable	6,021	6,383	9,797
Current Liabilities	35,693	61,782	67,591
Long-term loans from banks and others	4,229	24,758	7,649
Accrued severance pay	661	800	452
Provisions	2,051	2,371	2,194
Deferred revenues	2,850	2,091	5,435
Deferred taxes	392	551	346
Long-term Liabilities	10,183	30,571	16,076
Total liabilities	45,876	92,353	83,667
Equity attributable to SHL shareholders:			
Share 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)
Available-for-sale reserve	(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
Liabilities and Equity	111,945	118,219	144,163



Statements of Operations (USD thousands, except per share data)	Q2 08	Q2 07	H1 08	H1 07	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	11,043	15,873	21,441	31,514	62,124
Cost of sales	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 expenses (income)	(441)	1,855	3,219	2,646	3,230
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)	(3,014)	894	(3,285)	1,028	6,497
Income (loss) from continuing operations	3,966	(3,680)	1,284	(4,518)	23,653
Net Income from discontinued operations	-	944	-	5,121	3,981
Net Income (Loss)	3,966	(2,736)	1,284	603	27,634
Attributable to SHL shareholders'	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
Basic profit (loss) per share	0.37	(0.26)	0.12	(0.35)	2.20
Diluted profit (loss) per share	0.37	(0.26)	0.12	(0.35)	2.16
Basic profit (loss) per share from continuing operations	0.37	(0.35)	0.12	(0.43)	2.23
Diluted profit (loss) per share from continuing operations	0.37	(0.35)	0.12	(0.43)	2.19



Statements of Cash Flows (USD thousands)	Q2 08	Q2 07	H1 08	H1 07	2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net Income (loss)	3,966	(2,736)	1,284	603	27,634
Adjustment required to reconcile net income (loss) to net cash provided by (used in) operating activities	(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)
Purchase of fixed assets	(1,182)	(611)	(1,854)	(1,687)	(4,524)
Cash received from sale of subsidiaries	(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
Proceeds from exercise of options	73	-	76	-	52
Proceeds from long-term loans from banks and others, net	-	780	-	1,547	14,833
Repayment of long-term loans from banks and others, net	(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)
Treasury shares	(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