



Press Release

SHL Telemedicine's results for Q2 in line with expectations. SHL expects to announce significant transaction regarding its US business in coming days.

Tel Aviv / Zurich, October 1, 2007. SHL Telemedicine Ltd. (SWX: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, with revenues of USD 20.3 million for the second quarter of 2007 compared to USD 21.0 million in Q2 of 2006. Revenues for the half year total USD 40.3 million against revenues of USD 41.5 million in H1 2006. Revenues from Germany continued to display good growth together with those of Israel while in the US, revenues declined mainly due to the divestment of the CVI (Cardio Vascular Imaging) centers over the past year.

Gross margins remained steady with gross profit amounting to USD 9.7 million and USD 19.2 million in Q2 and H1 of 2007 respectively, compared to USD 10.1 million and USD 20.0 million in Q2 and H1 of 2006.

EBITDA and EBIT for the quarter amounted to USD 2.0 million and USD 0.2 million respectively, compared to USD 3.1 million and USD 1.3 million in Q2 of 2006. EBITDA and EBIT for the half year amounted to USD 4.2 million and USD 0.6 million, compared to USD 6.2 million and USD 2.6 million in the first half of 2006. This decrease in operating results was mainly due to increased provisions and restructuring costs relating to its overall US operations.

After the recording of a further charge of USD 1.0 million relating to the discontinued operations from the US imaging centers, SHL's net income for the first half of 2007 amounted to USD 0.6 million compared with a net loss of USD 3.9 million in the first half of 2006. Net loss for the first half of 2007 attributable to SHL shareholders amounted to USD 3.8 million compared with a net loss of USD 4.7 million in the first half of 2006.

Cash flow

Cash generated in Q2 from SHL's operating activities amounted to USD 0.9 million compared to USD 0.6 million in Q2 of 2006 bringing cash generated from operating activities in the first half of 2007 to USD 0.3 million compared to USD 0.2 million in H1 of 2006.

After balance sheet date, SHL arranged a credit facility in the US with one of the US's leading banks in the amount of USD 12.5 million.

Expected transaction in US

SHL is in the final stages of negotiations regarding a significant and major transaction with regard to its US operations and expects to make an announcement regarding this in the coming days .

New state of the art wireless platform for arrhythmia monitoring

SHL has just received FDA clearance of its new proprietary cardiac looping recorder and transmitter, first in a new family of wireless cellular based devices developed by SHL for diagnostic arrhythmia services and the first wireless cellular looping monitor available in the world. This new device which will soon be available on the US market increases the ease of use for patients carrying out diagnostic arrhythmia testing thus improving patient compliance and resulting in higher diagnostic yields of information for the clinician.

SHL Telemedicine – Consolidated key figures (in USD million)

	H1 2007	H1 2006	% change
Revenues	40.3	41.5	(2.9)%
Gross Profit	19.2	20.0	(4.0)%
%	47.6%	48.2%	
EBITDA	4.2	6.2	(32.3)%
%	10.4%	14.9%	
EBIT	0.6	2.6	(76.9)%
%	0.1%	6.3%	
Other Income (loss)	4.8 (*)	(0.1)	n.a.
Net income (loss) from continuing operations	1.6	(1.9)	n.a.
Net income (loss)	0.6	(3.9)	n.a.

(*) Consists of the capital gain recorded from the sale of a CVI center in the US.

Next events

Q3 Results - November 22, 2007

About SHL TeleMedicine

SHL TeleMedicine Ltd. is a leading provider and developer of advanced personal telemedicine solutions 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 the US, Europe and Israel. SHL is listed on the SWX Swiss Exchange, symbol SHLTN. For more information please visit our web site on www.shl-telemedicine.com.

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Balance-Sheets (USD thousands)	30.06.2007	30.06.2006 (*)	31.12.2006
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Cash, cash equivalents and short term investments	6,263	9,467	12,482
Trade receivables	18,451	20,426	18,810
Inventory	604	642	604
Other current assets	3,515	4,313	3,673
Assets of disposal group classified as held for sale	230	764	1,106
Current Assets	29,063	35,612	36,675
Long-term Assets	19,824	20,731	20,989
Fixed Assets, net	22,102	25,497	23,661
Intangible Assets, net	47,230	48,709	46,994
Total Assets	118,219	130,549	128,319
Credit from banks and others	44,006	28,710	29,519
Trade payables	8,704	8,665	7,988
Income taxes payable	431	959	535
Other accounts payable	8,641	10,209	9,467
Liabilities associated with assets held for sale	-	205	-
Current Liabilities	61,782	48,748	47,509
Long-term loans from banks and others	24,758	40,876	44,421
Accrued severance pay	800	895	752
Provisions	2,371	1,829	2,459
Deferred revenues	2,091	3,697	2,828
Deferred taxes	551	509	544
Long-term Liabilities	30,571	47,806	51,004
Total liabilities	92,353	96,554	98,513
Equity attributable to SHL shareholders:			
Share capital	31	31	31
Additional paid-in capital	92,147	91,893	92,006
Treasury shares at cost	(269)	(269)	(269)
Foreign currency translation reserve	(7,769)	(7,406)	(7,773)
Accumulated deficit	(58,649)	(51,087)	(54,904)
	25,491	33,162	29,091
Minority interest	375	833	715
Total Equity	25,866	33,995	29,806
Liabilities and Equity	118,219	130,549	128,319

(*) – Retrospectively restated

Statements of Operations (USD thousands, except per share data)	Q2 07	Q2 06 (*)	H1 07	H1 06 (*)	2006
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Revenues	20,287	20,962	40,253	41,506	83,218
Cost of sales	10,628	10,819	21,010	21,467	42,663
Gross Profit	9,659	10,143	19,243	20,039	40,555
Research and development costs, net	296	213	498	403	911
Selling and marketing expenses	3,355	2,753	6,446	5,500	11,422
General and administrative expenses	5,857	5,893	11,716	11,502	23,251
Operating Income	151	1,284	583	2,634	4,971
Financial expenses	1,853	982	2,646	2,296	3,844
Other income (expenses), net	17	2	4,770	(66)	(602)
Income (loss) before taxes on income	(1,685)	304	2,707	272	525
Taxes on income	669	2,355	1,121	2,170	429
Income (loss) from continuing operations	(2,354)	(2,051)	1,586	(1,898)	96
Net Loss from discontinued operations	(382)	(296)	(983)	(1,957)	(7,190)
Net Income (Loss)	(2,736)	(2,347)	603	(3,855)	(7,094)
Attributable to SHL shareholders'	(2,741)	(2,805)	(3,745)	(4,647)	(8,464)
Minority interest	5	458	4,348	792	1,370
	(2,736)	(2,347)	603	(3,855)	(7,094)
Basic and diluted loss per share from continuing operations	(0.22)	(0.24)	(0.26)	(0.25)	(0.12)
Basic and diluted loss per share from discontinued operations	(0.03)	(0.03)	(0.09)	(0.19)	(0.68)
Basic and diluted loss per share	(0.25)	(0.27)	(0.35)	(0.44)	(0.80)

(*) – Retrospectively restated



Statements of Cash Flows (USD thousands)	Q2 07	Q2 06(*)	H1 07	H1 06 (*)	2006
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Net Income (Loss)	(2,736)	(2,347)	603	(3,855)	(7,094)
Adjustment required to reconcile net income (loss) to net cash provided by operating activities	3,588	2,933	(320)	4,013	8,894
Net Cash provided by Operating Activities	852	586	283	158	1,800
Purchase of fixed assets	(611)	(1,007)	(1,687)	(2,858)	(5,015)
Cash received from sale of subsidiary	-	-	5,649	-	2,150
Investment in intangible assets	(277)	(397)	(787)	(1,021)	(1,558)
Proceeds from sale of fixed assets	33	19	181	19	37
Marketable securities, net	1,287	3,203	1,287	(1,526)	(1,133)
Net Cash provided by (used in) Investing Activities	432	1,818	4,643	(5,386)	(5,519)
Proceeds from long-term loans from banks and others, net	780	339	1,547	4,781	18,355
Repayment of long-term loans from banks and others, net	(8,556)	(5,260)	(11,038)	(11,264)	(23,515)
Short-term bank credit, net	4,290	(482)	4,245	(74)	548
Distributions to minority interest	(125)	(589)	(4,688)	(1,184)	(1,867)
Capital contribution from minority interest	-	1	-	73	60
Net Cash used in Financing Activities	(3,611)	(5,991)	(9,934)	(7,668)	(6,419)
Effect of exchange rate changes on cash and cash equivalents	(40)	484	60	234	753
Decrease in cash and cash equivalents	(2,367)	(3,103)	(4,948)	(12,662)	(9,385)
Cash and cash equivalents at the beginning of the period	7,097	9,504	9,678	19,063	19,063
Cash and Cash equivalents at the end of the period	4,730	6,401	4,730	6,401	9,678

(*) – Retrospectively restated

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.