



Press release

SHL Telemedicine reports continued good financial results for third-quarter.

Tel Aviv/Zurich, 10 November 2010 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the third quarter and the nine months of 2010.

Financial Highlights

- *Revenues for the nine months reached USD 36.7 million, a growth of 5.8% year over year (4.9% in constant currency terms) with revenues for the period from the German operation reaching USD 15.9 million, a growth of 4.6 % year over year (8.3% in constant currency terms).*
- *Revenues for the quarter amounted to USD 12.4 million, down 2.4% quarter over quarter due to negative exchange rate impacts but reflecting a growth of 0.7% in constant currency terms.*
- *EBITDA for the nine months amounted to USD 8.6 million (23.4% of revenues) and for the quarter to USD 2.7 million (21.8% of revenues) giving an operating profit for the nine months of USD 4.5 million (12.3% of revenues) and for the quarter of USD 1.3 million (10.5% of revenues).*
- *Net financial income for the nine months amounted to USD 0.3 million after absorbing the effect of the devaluation of the USD against the NIS by 5.4% this quarter.*
- *Net income for the nine months of USD 3.9 million giving an EPS of USD 0.37 and for the quarter of USD 0.8 million giving an EPS of USD 0.08.*
- *Positive cash flow generated from operations for the nine months reached USD 4.0 million and USD 0.5 million for the quarter. Investment of USD 3 million in the first nine months of 2010 in the new consumer service initiatives.*
- *Cash, cash equivalents and marketable securities of USD 19.9 million as of September 30, 2010.*

"We are on track to meet our business and financial targets for the year. We see a strong demand from health insurers in Germany for our telemedicine solutions as cost containment becomes a more pressing issue for them" said Erez Alroy, Co-CEO of SHL Telemedicine.

Germany – increasing cost pressures for health insurers, a positive sign

It is expected that a large number of health insurers will finish 2010 with a significant deficit which in total is estimated at EUR 6 billion. This deficit is expected to grow in 2011 and many of the health insurers are initiating cost cutting measures. SHL is evidencing increased demand for its telemedicine solutions and is progressing in securing larger scale contracts with health insurers for its various telemedicine offerings (CHF, COPD and Diabetes).



Consumer markets – continued investment

During the quarter SHL has continued implementing the first steps in its strategy of offering the personal cardiac service in Germany, mainly through web based marketing. Already hundreds of patients have joined the service. In addition SHL is preparing for the launch of the service in the UK at the end of the year. SHL expects to continue investing in sales and marketing at the same pace until the end of the year.

Israel - steady progress

In Israel the sick funds are facing much of the same problems of those in Germany as cost containment becomes a significant issue for the years to come. This is leading to increased awareness for SHL's telemedicine solutions for the chronically ill. SHL expects this trend to have a positive effect on the growth prospects in Israel in the coming future.

Financials

Although revenues for the nine months increased over the same period of 2009, operating and net profit for the nine months remained on par with 2009 results. This is primarily due to the effect of the significant investments in the German consumer market amounting during the period to USD 3 million.

Revenues for the third quarter amounted to USD 12.4 million down 2.4% compared to USD 12.7 million in Q3 2009. Lower revenues in the quarter were due to the devaluation of the Euro and the USD against the NIS in Q3 2010 compared to Q3 2009. At constant exchange rates* revenues for the quarter reflect a growth of 0.7% (USD 13.7 million compared to USD 13.6 million in Q3 2009).

Revenues for the nine months of 2010 grew by 5.8% and reached USD 36.7 million compared to USD 34.7 million in the comparable period of 2009. Revenues on the basis of constant exchange rates* amounted to USD 40.4 million compared to USD 38.5 million in the nine months of 2009, which reflect a growth of 4.9%. Growth is mainly due to the growth in SHL's German operations which at constant currency terms grew by 8.3%.

Gross profit for the quarter reached USD 8.2 million (66.1% of revenues) compared to USD 8.4 million (66.1% of revenues) in Q3 2009. In the nine months of 2010 gross profit amounted to USD 24.4 million (66.5% of revenues) compared to USD 23.0 million (66.3% of revenues) in the comparable period of 2009.

EBITDA for the quarter amounted to USD 2.7 million (21.8% of revenues) compared to an EBITDA of USD 3.3 million (26.0% of revenues) in Q3 2009. EBITDA for the nine months of 2010 amounted to USD 8.6 million (23.4% of revenues) compared to an EBITDA of USD 8.8 million (25.4% of revenues) in the comparable period of 2009.

Operating Profit for the quarter amounted to USD 1.3 million (10.5% of revenues) compared to USD 1.9 million (15.0% of revenues) in Q3 2009. Operating profit for the nine months of 2010 amounted to USD 4.5 million (12.3% of revenues) compared to USD 5.1 million (14.7% of revenues) in the comparable period of 2009.



SHL's net income for the quarter totaled USD 0.8 million compared to USD 1.2 million in the third quarter of 2009. For the nine months of 2010 SHL reports a net income of USD 3.9 million compared with USD 4.0 million in the comparable period of 2009.

SHL continued to generate positive cash flow with cash provided by operations for the third quarter and the nine months of 2010 reaching USD 0.5 million and USD 4.0 million, respectively. Cash, cash equivalents and marketable securities at September 30, 2010 amounted to USD 19.9 million.

Balance sheet. Total assets at 30 September 2010 grew to USD 94.2 million compared to USD 93.2 million at September 30, 2009. A further reduction in liabilities to USD 22.8 million at September 30, 2010 as against USD 29.0 million at September 30, 2009 has seen equity grow to USD 71.4 million (76% of balance sheet) from equity of USD 64.2 million at 30 September 2009.

SHL Telemedicine – consolidated key figures

Q3 2010

in USD million (except per share amounts)				* Constant currency		
	Q3 2010	Q3 2009	% change	Q3 2010	Q3 2009	% change
Revenues	12.4	12.7	(2.4)%	13.7	13.6	0.7%
Gross profit	8.2	8.4	(2.4)%	9.0	8.9	1.1%
%	66.1%	66.1%		65.7%	65.4%	
EBITDA	2.7	3.3	(18.2)%	2.9	3.4	(14.7)%
%	21.8%	26.0%		21.2%	25.0%	
EBIT	1.3	1.9	(31.6)%	1.4	1.9	(26.3)%
%	10.5%	15.0%		10.2%	14.0%	
Net income	0.8	1.2	(33.3)%	0.8	1.2	(33.3)%
Basic EPS	0.08	0.12	(33.3)%	0.08	0.12	(33.3)%

SHL Telemedicine – consolidated key figures

9M 2010

in USD million (except per share amounts)				* Constant currency		
	9M 2010	9M 2009	% change	9M 2010	9M 2009	% change
Revenues	36.7	34.7	5.8%	40.4	38.5	4.9%
Gross profit	24.4	23.0	6.1%	26.8	25.2	6.3%
%	66.5%	66.3%		66.3%	65.5%	
EBITDA	8.6	8.8	(2.3)%	9.4	9.3	1.1%
%	23.4%	25.4%		23.3%	24.2%	
EBIT	4.5	5.1	(11.8)%	4.9	5.1	(3.9)%
%	12.3%	14.7%		12.1%	13.2%	
Net income	3.9	4.0	(2.5)%	4.2	3.9	7.7%
Basic EPS	0.37	0.38	(2.6)%	0.40	0.38	5.3%



* Constant currency - In order to enable meaningful comparison between the 2010 and 2009 results, 2010 and 2009 results are also presented at constant currency exchange rates. These are calculated by translating the 2010 results using the average exchange rates used for calculating the 2009 constant currency results (Q3 and 9M 08) instead of the current period exchange rates. Management believes that this presentation enables a more meaningful comparison between the periods due to the significant fluctuations in NIS/USD/EUR exchange rates.

**Revenues by geographic distribution
Q3 2010**

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q3 2010	5.3	42.7%	5.3	42.7%	1.8	14.6%
Q3 2009	5.5	43.3%	5.8	45.7%	1.4	11.0%
Q3 2010 (constant currency)	5.7	41.6%	6.2	45.3%	1.8	13.1%
Q3 2009 (constant currency)	6.0	44.1%	6.2	45.6%	1.4	10.3%

**Revenues by geographic distribution
9M 2010**

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
9M 2010	16.0	43.6%	15.9	43.3%	4.8	13.1%
9M 2009	15.2	43.8%	15.2	43.8%	4.3	12.4%
9M 2010 (constant currency)	17.2	42.6%	18.4	45.5%	4.8	11.9%
9M 2009 (constant currency)	17.3	44.9%	16.9	43.9%	4.3	11.2%

Conference Call, today, 11.00 am CET

SHL will hold a call to discuss the Q3 and 9M results today at 11.00 am CET. Erez Alroy, Co-CEO, and Eran Antebi, CFO, will host the call. Dial-in numbers are as follows:

From Europe: +41 (0)91 610 56 00
 From UK: +44 (0)203 059 58 62
 From Israel: 1 80 921 44 27

Slides are available at

<http://www.shl-telemedicine.com/investors-relations/financial-reports/>



IR Agenda 2011

09 March	FY 2010 results and presentation of annual report 2010 (Press and analyst briefing in Zurich)
11 May	Q1 results
31 May	Annual general meeting
10 August	Q2 results
16 November	Q3 results

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 in Germany, and at its home market in Israel. In the US, certain SHL telemedicine products are distributed by Philips Healthcare. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957). More information available at: www.shl-telemedicine.com.

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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)	30.09.2010	30.09.2009	31.12.2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	2,509	3,031	1,839
Available-for-sale investments	17,343	18,969	18,251
Trade receivables	6,216	*)4,717	*)5,577
Inventories	-	600	600
Other current assets	4,286	3,362	4,326
Current Assets	30,354	30,679	30,593
Long-Term Assets	25,597	*)25,665	*)21,866
Fixed Assets, net	17,747	16,915	17,341
Intangible Assets, net	20,474	19,904	19,628
Total Assets	94,172	93,163	89,428
Credit from banks	840	1,509	483
Deferred revenues	7,551	*)11,656	*)7,558
Trade payables	1,763	2,287	2,209
Income tax payable	2,914	2,925	2,951
Provisions	2,722	3,268	*)4,006
Other accounts payable	5,831	5,042	*)5,950
Current Liabilities	21,621	26,687	23,157
Accrued severance pay	705	792	617
Provisions	-	976	-
Deferred revenues	-	*)188	-
Deferred taxes	451	333	353
Long-Term Liabilities	1,156	2,289	970
Total liabilities	22,777	28,976	24,127
Equity:			
Issued capital	31	31	31
Additional paid-in capital	93,284	92,905	92,939
Treasury shares	(1,571)	(1,561)	(1,567)
Foreign currency translation reserve	3,595	1,727	1,497
Capital reserve for available-for-sale financial assets	48	348	275
Accumulated deficit	(23,992)	(29,263)	(27,874)
Total Equity	71,395	64,187	65,301
Liabilities and Equity	94,172	93,163	89,428

*) Reclassified

Statements of Income (USD thousands, except per share amounts)	Q3 10	Q3 09	9M 10	9M 09	2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	12,368	12,708	36,729	34,743	47,890
Depreciation and amortization	587	634	1,618	1,801	2,317
Cost of sales	3,605	3,678	10,735	9,977	13,521
Gross Profit	8,176	8,396	24,376	22,965	32,052
Research and development costs, net	335	368	1,164	863	1,223
Selling and marketing expenses	3,438	3,814	10,946	9,980	14,036
General and administrative expenses	3,094	2,353	7,725	7,004	10,142
Operating Profit	1,309	1,861	4,541	5,118	6,651
Financial income	521	1,349	1,840	3,048	1,848
Financial expenses	(904)	(1,283)	(1,496)	(2,467)	(1,107)
Other expenses, net	-	(127)	-	(189)	(333)
Income before taxes on income	926	1,800	4,885	5,510	7,059
Taxes on income	111	578	1,003	1,522	1,682
Net income	815	1,222	3,882	3,988	5,377
Basic and diluted profit per share	0.08	0.12	0.37	0.38	0.51



Statements of Cash Flows (USD thousands)	Q3 10	Q3 09	9M 10	9M 09	2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income	815	1,222	3,882	3,988	5,377
Adjustment required to reconcile net income to net cash provided by operating activities	(266)	1,238	97	279	(117)
Net Cash provided by Operating Activities	549	2,460	3,979	4,267	5,260
Purchase of fixed assets	(1,007)	(1,072)	(3,325)	(3,902)	(5,356)
Acquisition of business activities	(105)	(1,299)	(327)	(1,389)	(1,228)
Investment in intangible assets	(555)	(383)	(1,514)	(1,114)	(1,602)
Proceeds from sale of fixed assets	-	-	26	-	-
Purchase of available-for-sale investments	(3,987)	(6,637)	(14,686)	(12,309)	(14,776)
Proceeds from sale of available-for-sale investments	4,053	1,986	16,116	13,652	16,612
Net Cash used in Investing Activities	(1,601)	(7,405)	(3,710)	(5,062)	(6,350)
Proceeds from exercise of options	66	22	200	22	22
Short-term bank credit, net	509	781	289	664	(216)
Treasury shares purchased	(4)	(17)	(4)	(156)	(162)
Net Cash provided by (used in) Financing Activities	571	786	485	530	(356)
Effect of exchange rate changes on cash and cash equivalents	(10)	46	(84)	31	20
Increase (decrease) in cash and cash equivalents	(491)	(4,113)	670	(234)	(1,426)
Cash and cash equivalents at the beginning of the period	3,000	7,144	1,839	3,265	3,265
Cash and Cash equivalents at the end of the period	2,509	3,031	2,509	3,031	1,839