



Press release

SHL Telemedicine reports first quarter 2012 financial results

- *Revenues for the quarter of USD 6.9 million*
- *EBITDA for the quarter of USD 0.6 million*
- *LBIT for the quarter of USD 0.6 million*
- *Net loss for the quarter of USD 1.5 million*
- *Positive shift in Germany*

Tel Aviv/Zurich, 30 May 2012- SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the first quarter of 2012.

Erez Alroy, Co-CEO of SHL, commented: “Our results for the first quarter of 2012 are in line with our assessments. They reflect the transition period evidenced in Germany concurrently with the cessation of revenues from Philips US. We are very pleased to have signed recently a major contract with IKK Südwest in Germany, and to have won a multi-year tender with AOK BAYERN, one of the two largest health insurers in Germany, for the provision of telemedicine services to insured with Chronic Obstructive Pulmonary Disease (COPD). We expect revenues and financial performance to pick up gradually as we begin executing these new contracts.”

Strategic shift in Germany

Within two months, SHL was able to secure a major contract with a health insurer in Germany and win a second significant tender. In March, SHL entered into a comprehensive large scale agreement with IKK Südwest for the provision of telemedicine services to the IKK's insured who suffer from chronic conditions, specifically heart patients. In May, SHL won a multi-year tender with AOK BAYERN, one of the two largest health insurers in Germany, with over 4 million insured, for the provision of telemedicine services to those suffering from COPD. The agreement is expected to be closed early Q3.

Financial Highlights

Revenues for the quarter amounted to USD 6.9 million compared to revenues of USD 11.5 million in the first quarter of 2011. This represents a decline of 37.4% year over year at constant exchange rates* stemming from the decline, as expected, in SHL Germany's revenues and the cessation of revenues from Philips US.

During the year SHL has adapted and adjusted its expense base to accommodate for the reduced revenues and operations in Germany. **Gross profit** for the quarter



amounted to USD 3.6 million, 52.2% of revenues, compared to USD 7.6 million, 66.1% of revenues, in Q1 2011.

EBITDA for the quarter amounted to USD 0.6 million (8.7% of revenues) compared to an EBITDA of USD 2.5 million (21.7% of revenues) in Q1 2011 with operating loss amounting to USD 0.6 million compared to an operating profit of USD 1.4 million (12.2% of revenues) in Q1 2011.

Net loss for the quarter amounted to USD 1.5 million (USD (0.14) per share) compared to a net income of USD 1.0 million (USD 0.10 per share) in Q1 2011.

Cash flow used in operations amounted to USD 1.0 million compared to USD 0.1 million in Q1 2011. Cash, cash equivalents and marketable securities amounted at March 31, 2012 to USD 31.7 million compared to USD 33.3 million at the end of 2011

SHL's **balance sheet** continues to be strong with assets amounting to USD 109.7 million compared to USD 108.2 million at the end of 2011. **Equity** at March 31, 2012 stood at USD 66.9 million (61.0% of balance sheet) compared to USD 66.6 million (61.6% of balance sheet) at December 31, 2011.

SHL Telemedicine – consolidated key figures Q1 2012

in USD million (except per share amounts)	Q1 2012	Q1 2011	% change	Q1 2012 (constant currency)	% change (constant currency)
Revenues	6.9	11.5	(40.0%)	7.2	(37.4%)
Gross profit	3.6	7.6	(52.6%)	3.8	(50.0%)
%	52.2%	66.1%		52.8%	
EBITDA	0.6	2.5	(76.0%)	0.6	(76.0%)
%	8.7%	21.7%		8.3%	
EBIT/(LBIT)	(0.6)	1.4	(142.9%)	(0.7)	(150.0%)
%	n.a.	12.2%		n.a.	
Net income (loss)	(1.5)	1.0	(250.0%)	(1.6)	(260.0%)
%	n.a.	8.7%		n.a.	
Basic EPS/(LPS)	(0.14)	0.10	(239.9%)	(0.15)	(246.2%)

* Constant currency - In order to enable meaningful comparison between the 2012 and 2011 results, 2012 results are also presented at constant currency exchange rates. These are calculated by translating the 2012 results using the average 2011 exchange rates 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
Q1 2012**

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q1 2012	5.6	81.2%	1.3	18.8%	0.0	0.0%
Q1 2011	5.7	49.6%	4.3	37.4%	1.5	13.0%
Q1 2012(constant currency exchange rates)	5.9	81.9%	1.3	18.1%	0.0	0.0%
% change in constant currency	3.5%		(69.8%)		(100.0%)	

Conference Call, today, 11.00 am CET

SHL will hold a call to discuss the Q1 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 2012

June 12, 2012 AGM, Tel Aviv
 August 22, 2012 Q2 Results
 November 21, 2012 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)	31.3.2012	31.3.2011	31.12.2011
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	16,192	6,121	16,911
Available-for-sale investments	15,516	17,522	16,383
Trade receivables	24,415	9,865	19,003
Prepaid expenses	1,759	1,900	1,710
Other current assets	1,814	964	1,712
Current Assets	59,696	36,372	55,719
Trade receivables	-	7,917	3,977
Prepaid expenses	5,067	5,627	4,915
Long-term deposits	75	162	72
Income taxes receivable	2,487	1,807	1,637
Deferred taxes	4,835	5,812	4,960
Non-Current Assets	12,464	21,325	15,561
Fixed assets, net	15,583	18,567	15,708
Intangible assets	21,984	22,246	21,208
Total Assets	109,727	98,510	108,196
Credit from banks and current maturities	9,954	7,522	9,441
Deferred revenues	112	1,916	114
Trade payables	865	1,629	999
Income taxes payable	-	1,128	-
Provisions	2,564	2,734	2,485
Other accounts payable	5,231	5,295	5,495
Current liabilities	18,726	20,224	18,534
Long-term loans	22,007	-	22,139
Deferred revenues	1,035	-	-
Employee benefit liabilities	847	816	810
Deferred taxes	203	208	150
Non-current liabilities	24,092	1,024	23,099
Total liabilities	42,818	21,248	41,633
Equity:			
Issued capital	31	31	31
Additional paid-in capital	94,015	93,535	93,894
Treasury shares	(2,481)	(1,573)	(2,201)
Foreign currency translation reserve	2,711	7,494	788
Capital reserve for available-for-sale investments	64	(258)	8
Accumulated deficit	(27,431)	(21,967)	(25,957)
Total equity	66,909	77,262	66,563
Total liabilities and equity	109,727	98,510	108,196



Statements of Income (USD thousands, except per share data)	Q1 2012	Q1 2011	2011
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	6,914	11,492	42,374
Depreciation and amortization	598	640	2,467
Cost of revenues	2,732	3,300	12,925
Gross Profit	3,584	7,552	26,982
Research and development costs, net	416	244	1,334
Selling and marketing expenses	1,649	2,837	9,566
General and administrative expenses	2,155	3,081	11,910
Operating income (loss)	(636)	1,390	4,172
Financial income	426	738	4,650
Financial expenses	(813)	(831)	(4,033)
Income (loss) before taxes on income	(1,023)	1,297	4,789
Taxes on income	451	251	792
Net income (loss)	(1,474)	1,046	3,997
Foreign currency translation reserve	1,923	1,707	(4,999)
Transfer to the statement of income in respect of available-for-sale investments	31	(17)	(130)
Gain (loss) from available-for-sale investments	25	(299)	80
Total comprehensive income	505	2,437	(1,052)
Basic and diluted profit (loss) per share	(0.14)	0.10	0.38



Statements of Cash Flows (USD thousands)	Q1 2012	Q1 2011	2011
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Net income (loss)	(1,474)	1,046	3,997
Adjustment required to reconcile net income (loss) to net cash used in operating activities	518	(1,128)	(7,500)
Net Cash used in Operating Activities	(956)	(82)	(3,503)
Purchase of fixed assets	(205)	(578)	(2,535)
Acquisition of business activities	-	(278)	(278)
Investment in intangible assets	(528)	(583)	(2,048)
Purchase of available-for-sale investments	(2,053)	(680)	(7,971)
Proceeds from sale of available-for-sale investments	3,382	852	7,874
Net Cash provided by (used in) Investing Activities	596	(1,267)	(4,958)
Proceeds from exercise of options	-	18	21
Short-term bank credit, net	213	5,025	4,644
Long-term loans received	-	-	27,948
Payment of long-term loans	(724)	-	(1,254)
Dividend paid	-	-	(6,941)
Treasury shares purchased	(280)	-	(628)
Net Cash provided by (used in) Financing Activities	(791)	5,043	23,790
Effect of exchange rate changes on cash and cash equivalents	432	(182)	(1,027)
Increase (decrease) in cash and cash equivalents	(719)	3,512	14,302
Cash and cash equivalents at the beginning of the period	16,911	2,609	2,609
Cash and Cash equivalents at the end of the period	16,192	6,121	16,911