



Press release

SHL Telemedicine Q2 and half year results reflect consistent and continued progress in line with plan. Financial guidance for the year confirmed.

Second Quarter highlights

- Revenues of USD 12.0 million (USD 13.5 million at constant exchange rates*), representing a growth of 5.5% over Q2 09 at constant exchange rates*.
- EBITDA of USD 2.8 million (23.3% of revenues).
- EBIT of USD 1.5 million (12.5% of revenues) with net income of USD 1.5 million.
- Confirmed outlook for 2010.

Tel Aviv/Zurich, 4 August 2010 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the second quarter and half year 2010.

Erez Alroy, Co-CEO of SHL Telemedicine, stated: "The results for the second quarter and half year continue to be in line with our expectations reflecting the steady and continued progress and acceptance of our products and services in our markets. We are already making good initial progress in penetrating the German consumer market while preparations are moving ahead for the launch planned for the second half of the year in the UK."

Germany

It seems that the longer sales cycles experienced in the last year resulting from the healthcare reform, which led to aggressive consolidation between health insurers, are starting to thaw. As a consequence we are seeing the first signs of normalization and back to regular business practices take place with already two additional co-operations entered into in the last month.

Consumer markets

SHL is making good initial progress in the German consumer market and is working on launching the cardiac service in the UK in the second half of the year. During the half year SHL has invested around USD 2 million and expect investment in its consumer services to be around the same amount for the second half of the year.

Financial highlights

Revenues increased in the first half of the year, while operating and net profit remained on par with 2009 results. This is primarily due to increased investments in sales and marketing in the German consumer market where SHL began marketing its personal cardiac service for private pay customers.

Revenues for the second quarter amounted to USD 12.0 million compared to USD 11.3 million in Q2 2009. At constant exchange rates* revenues for the quarter amounted to USD 13.5 million compared to USD 12.8 million in Q2 2009 reflecting a growth of 5.5%.

Revenues for the first half of the year amounted to USD 24.4 million compared to USD 22.0 million in H1 2009. Revenues on the basis of constant exchange rates* amounted to USD 26.7 million compared to USD 24.9 million in the first half of 2009, which reflects a growth of 7.2%. Growth is mainly due to the growth in SHL's German operations.



Gross profit for the quarter reached USD 8.1 million (67.5% of revenues) compared to USD 7.5 million (66.4% of revenues) in Q2 2009. In the first half of 2010 gross profit amounted to USD 16.2 million (66.4% of revenues) compared to USD 14.6 million (also 66.4% of revenues) in the first half of 2009.

EBITDA for the quarter amounted to USD 2.8 million (23.3% of revenues) compared to an EBITDA of USD 2.9 million (25.7% of revenues) in Q2 2009. EBITDA for the first half of 2010 amounted to USD 5.9 million (24.2% of revenues) - an increase of 7.3 % over the EBITDA of USD 5.5 million (25.0% of revenues) in the comparable period.

EBIT for the quarter amounted to USD 1.5 million (12.5% of revenues) compared to USD 1.7 million (15.0% of revenues) in Q2 2009. EBIT for the first half of 2010 amounted to USD 3.2 million (13.1% of revenues) compared to an EBIT of USD 3.2 million (14.5% of revenues) in H1 2009.

SHL's net income for the quarter totaled USD 1.5 million compared to USD 1.6 million in the second quarter of 2009. For the first six months of 2010 SHL reports a net income of USD 3.1 million, an increase of 10.7% from USD 2.8 million in H1 2009.

Cash provided by operations for the second quarter and half year improved and amounted to USD 2.8 million and USD 3.4 million, respectively compared to USD 1.6 million and USD 1.8 million in Q2 and H1 of 2009, respectively. Cash, cash equivalents and marketable securities at June 30, 2010 amounted to USD 19.6 million.

Balance sheet. SHL's assets at 30 June 2010 totalled USD 86.9 million with shareholders' equity amounting to USD 66.6 million (76.6% of balance sheet) compared to assets of USD 89.4 million and shareholders' equity of USD 65.3 million at 31 December 2009.

Confirmed outlook 2010

Management is expecting consolidated revenues to reach USD 53-55 million, assuming constant exchange rates*. Given the investments in sales and marketing for the launch of the cardiac emergency service in Germany and the UK, net profit is expected to be in the range of USD 4-6 million, again assuming constant exchange rates*.



SHL Telemedicine – consolidated key figures

Q2 2010

in USD million (except per share amounts)				* Constant currency		
	Q2 2010	Q2 2009	% change	Q2 2010	Q2 2009	% change
Revenues	12.0	11.3	6.2%	13.5	12.8	5.5%
Gross profit	8.1	7.5	8.0%	9.1	8.4	8.3%
%	67.5%	66.4%		67.4%	65.6%	
EBITDA	2.8	2.9	(3.4)%	3.1	3.1	-
%	23.3%	25.7%		23.0%	24.2%	
EBIT	1.5	1.7	(11.8)%	1.7	1.8	(5.6)%
%	12.5%	15.0%		12.6%	14.1%	
Net income	1.5	1.6	(6.3)%	1.7	1.5	13.3%
Basic EPS	0.14	0.14	-	0.16	0.14	14.3%

SHL Telemedicine – consolidated key figures

H1 2010

in USD million (except per share amounts)				* Constant currency		
	H1 2010	H1 2009	% change	H1 2010	H1 2009	% change
Revenues	24.4	22.0	10.9%	26.7	24.9	7.2%
Gross profit	16.2	14.6	11.0%	17.7	16.3	8.6%
%	66.4%	66.4%		66.3%	65.5%	
EBITDA	5.9	5.5	7.3%	6.4	5.8	10.3%
%	24.2%	25.0%		24.0%	23.3%	
EBIT	3.2	3.2	-	3.6	3.2	12.5%
%	13.1%	14.5%		13.5%	12.9%	
Net income	3.1	2.8	10.7%	3.4	2.7	25.9%
Basic EPS	0.29	0.26	11.5%	0.32	0.26	23.1%

* 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 (Q2 and HY 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
Q2 2010**

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q2 2010	5.3	44.2%	5.2	43.3%	1.5	12.5%
Q2 2009	4.8	42.5%	5.1	45.1%	1.4	12.4%
Q2 2010 (constant currency)	5.7	42.2%	6.3	46.7%	1.5	11.1%
Q2 2009 (constant currency)	5.7	44.5%	5.8	45.3%	1.3	10.2%

**Revenues by geographic distribution
H1 2010**

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
H1 2010	10.8	44.3%	10.6	43.4%	3.0	12.3%
H1 2009	9.7	44.1%	9.4	42.7%	2.9	13.2%
H1 2010 (constant currency)	11.5	43.1%	12.2	45.7%	3.0	11.2%
H1 2009 (constant currency)	11.2	45.0%	10.8	43.4%	2.9	11.6%

A comprehensive Half-Year Report 2010 is available at:
<http://www.shl-telemedicine.com/investors-relations/financial-reports/>

Conference Call, today, 11.00 am CEST

SHL will hold a call to discuss the Q2 / H1 10 results today at 11.00 am CEST. 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)207 107 06 11
 From Israel: 1 80 921 44 27

Slides are available at
<http://www.shl-telemedicine.com/investors-relations/analysts-presentation/>

IR Agenda 2010

November 10 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)	30.06.2010	30.06.2009	31.12.2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	3,000	7,144	1,839
Available-for-sale investments	16,560	14,000	18,251
Trade receivables	3,833	4,990	5,159
Inventory	-	601	600
Other current assets	4,072	3,701	4,326
Current Assets	27,465	30,436	30,175
Non-current Assets	23,409	20,143	22,284
Fixed Assets, net	16,804	16,198	17,341
Intangible Assets, net	19,230	17,744	19,628
Total Assets	86,908	84,521	89,428
Credit from banks and current maturities of long-term loans	484	528	483
Deferred revenues	5,773	8,429	7,558
Trade payables	1,940	2,245	2,209
Income tax payable	2,741	3,470	2,951
Provisions	2,532	3,056	4,006
Other accounts payable	5,777	4,770	5,950
Current Liabilities	19,247	22,498	23,157
Accrued severance pay	673	731	617
Provisions	-	930	-
Deferred revenues	-	-	-
Deferred taxes	391	-	353
Non-current Liabilities	1,064	1,661	970
Total liabilities	20,311	24,159	24,127
Equity attributable to SHL shareholders:			
Share capital	31	31	31
Additional paid-in capital	93,125	92,830	92,939
Treasury shares at cost	(1,567)	(1,544)	(1,567)
Foreign currency translation reserve	(165)	(720)	1,497
Net unrealized gain (loss) reserve	(20)	250	275
Accumulated deficit	(24,807)	(30,485)	(27,874)
Total Equity	66,597	60,362	65,301
Liabilities and Equity	86,908	84,521	89,428

Statements of Income (USD thousands, except per share data)	Q2 10	Q2 09	H1 10	H1 09	2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	11,988	11,337	24,362	22,035	47,890
Depreciation and amortization	464	589	1,032	1,167	2,317
Cost of sales	3,456	3,238	7,130	6,299	13,521
Gross Profit	8,068	7,510	16,200	14,569	32,052
Research and development costs, net	436	262	829	495	1,223
Selling and marketing expenses	3,714	3,115	7,508	6,166	14,036
General and administrative expenses	2,411	2,423	4,631	4,713	10,142
Operating income	1,507	1,710	3,232	3,195	6,651
Financial income	920	1,063	1,319	1,674	1,848
Financial expenses	(432)	(942)	(592)	(1,159)	(1,107)
Other expenses, net	-	-	-	-	(333)
Income before taxes on income	1,995	1,831	3,959	3,710	7,059
Taxes on income	521	278	892	944	1,682
Net income	1,474	1,553	3,067	2,766	5,377
Basic and diluted profit per share	0.14	0.14	0.29	0.26	0.51

Statements of Cash Flows (USD thousands)	Q2 10	Q2 09	H1 10	H1 09	2009
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income	1,474	1,553	3,067	2,766	5,377
Adjustment required to reconcile net income to net cash provided by operating activities	1,332	64	363	(959)	(117)
Net Cash provided by Operating Activities	2,806	1,617	3,430	1,807	5,260
Purchase of fixed assets	(1,413)	(1,667)	(2,318)	(2,830)	(5,356)
Acquisition of business activities	(109)	-	(222)	-	(1,228)
Investment in intangible assets	(409)	(453)	(960)	(821)	(1,602)
Proceeds from sale of fixed assets	16	-	26	-	-
Purchase of available-for-sale investments	(1,619)	(2,486)	(10,699)	(5,672)	(14,776)
Proceeds from sale of available-for-sale investments	3,237	3,844	12,063	11,666	16,612
Net Cash provided by (used in) Investing Activities	(297)	(762)	(2,110)	2,343	(6,350)
Proceeds from exercise of options	133	-	133	-	22
Short-term bank credit, net	(1,765)	(396)	(218)	(37)	(216)
Treasury shares purchased	-	(36)	-	(139)	(162)
Net Cash used in Financing Activities	(1,632)	(432)	(85)	(176)	(356)
Effect of exchange rate changes on cash and cash equivalents	(24)	488	(74)	(95)	20
Increase (decrease) in cash and cash equivalents	853	911	1,161	3,879	(1,426)
Cash and cash equivalents at the beginning of the period	2,147	6,233	1,839	3,265	3,265
Cash and Cash equivalents at the end of the period	3,000	7,144	3,000	7,144	1,839