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EANS-Adhoc: LifeWatch to announce results for the second quarter 2011 (with document)

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6-month report/LifeWatch Q2 2011 results

23.08.2011

Continuous enrollment growth in all services lines

New NiteWatch Sales approach leads to 50% more growth
San Francisco Call Center with new Medicare IDTF provider number
Important cost savings initiatives of USD 15 m annually on track
In total 33 new contracts

International conference call about LifeWatch AG results in the second quarter 2011:

Tuesday, August 23, 2011 at 10:00 a.m. CEST
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Neuhausen am Rheinfall/Switzerland - LifeWatch AG (SIX Swiss Exchange: LIFE), the leading provider of wireless telemedicine, today announces the results for the second quarter 2011. LifeWatch's financial results are still affected by the difficult reimbursement environment in the U.S. healthcare market but the Company achieved important operational improvements.

At the end of this message you will find the PDF-versions of this press release and of the letter to shareholders with the results for the second quarter 2011.

Second Quarter 2011 Financial Highlights:

ACT enrollments rose 6.6% compared to Q2 2010

NiteWatch enrollments increased 50.4% over Q2 2010

16 new managed care contracts for ACT Services

17 new managed care contracts for NiteWatch services

Revenues decreased 13.4% to USD 20.15 million, versus USD 23.27 million in Q2 2010

Gross margin decreased to 43.8%, compared to 51.0% in Q2 2010

LBIT of USD 8.55 million, compared to EBIT of USD 0.12 million in Q2 2010

LBITDA of USD 7.02 million, compared to EBITDA of USD 1.57 million in Q2 2010

Cash, cash equivalents, marketable securities and structures amounted to USD 11.53 million

Accounts receivable this quarter include USD 9.00 million for Medicare services provided at our San Francisco call center, which will be collected in Q3 2011

Management analysis:

The difficult reimbursement and overall economic environment in the U.S.A. and in the healthcare market continued to impact our business and our revenues. This difficult environment has compelled the company to implement major restructuring and cost savings initiatives of approximately USD 15 million annually. The company is on its way to complete the cost savings initiatives by mid-October 2011. The restructuring will include more automation, outsourcing and other measures which will reduce the labour costs and other expenses significantly. We expect these measures to have a relative impact on our 2011 fiscal results, and a positive impact on our 2012 results. In mid-February 2011 we opened our third call center in San Francisco and applied for a Medicare provider number, which is the normal administrative process. From mid-February until August, the Company provided services to Medicare patients in the amount of USD 12.5 million. On August 10, 2011 we received this Medicare provider number for the San Francisco call center, which will now enable the Company to collect for these services.

R&D:

The company is investing heavily in the development of two new breakthrough products that will be ready for launch in the second half of 2012. We believe these new products will completely change the business direction, financial situation and total positioning of the company, and further diversify our offerings.

Gross Profit, LBIT and LBITDA:

Gross profit was USD 8.82 million (43.8%), compared to gross profit of USD 11.87 million (51.0%) in Q2 2010. The lower gross margin is mainly attributable to 1) the decline in reimbursement, while fixed costs for the

provision of monitoring services remained the same; and 2) overlapping payroll expenses related to hiring and training staff at our San Francisco call center which took longer than anticipated.

LBIT was USD 8.55 million, compared to EBIT of USD 0.12 million in Q2 2010. The operational expenses were affected by the cost items below:

- Investment in R&D developing new products and services

- Expenses for legal services including intellectual property protection of the Company

- Expenses related to restructuring and other

LBITDA was USD 7.02 million, compared to EBITDA of USD 1.57 million in Q2 of 2010.

Net Loss:

LifeWatch reported a net loss of USD 10.07 million in Q2 2011, compared to a net profit of USD 1.87 million recorded a year ago. Loss per share was USD 0.81 (fully diluted), compared to earnings per share of USD 0.14 (fully diluted) in the second quarter of 2010.

ACT Monitoring Services:

ACT enrollments rose 6.6% over Q2 2010; however a lower Average Selling Price (ASP) had a negative impact on ACT revenues. We expect the ASP for ACT services to rise in Q3 2011 as we have terminated the provision of services when there is no insurance coverage.

NiteWatch:

During this reporting quarter, enrollments for our NiteWatch Home Sleep Test service grew 50.4%, compared to Q2 2010. The growth is due to the implementation of a multi-faceted sales approach. We also received 17 new managed care contracts. LifeWatch will continue its investments into this service line.

Outlook 2011:

Given the current environment, we will not meet our previously announced forecast for 2011. The Company has lowered the fiscal revenue forecast to USD 80 - 82 million. For the remainder of the fiscal year the Company will focus on completing the restructuring and cost savings initiatives in order to return to profitability.

Sign-up for customized E-mail alerts and documentation requests is available at <http://production.investis.com/lifewatch/alert-service/>

About LifeWatch AG:

LifeWatch AG, headquartered in Neuhausen am Rheinfall, Switzerland and listed on SIX Swiss Exchange (LIFE), is the leading healthcare technology and solutions company, specializing in advanced telemedicine systems and wireless remote patient monitoring services. LifeWatch provides services to high-risk and chronically ill patients, health conscious consumers and wellness programs. LifeWatch has subsidiaries in the United States, the Netherlands, Japan, the United Kingdom, Switzerland and Israel. LifeWatch AG is the parent company of LifeWatch Services, Inc., a leading US-based wireless remote telemedicine provider. LifeWatch services include Home Sleep Testing for Obstructive Sleep Apnea patients under the brand name NiteWatch. For additional information, please visit www.lifewatch.com and www.nitewatchservices.com.

This press release includes forward-looking statements. All statements other than statements of historical facts contained in this press release, including statements regarding future results of operations and financial position, business strategy and plans and objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. LifeWatch AG has based these forward-looking statements largely on current expectations and projections about future events and financial trends that it believes may affect the financial condition, results of operations, business strategy, short term and long term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances described may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. All forward-looking statements are based only on data available to LifeWatch AG at the time of the issue of this press release. LifeWatch AG does not undertake any obligation to update any forward-looking statements contained in this press release as a result of new information, future events or otherwise.

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end of announcement

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Attachments with Announcement:

<http://resources.euroadhoc.com/us/1HCW6Rjz>

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