

Press Release

May 10, 2012

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LifeWatch to announce positive results for first quarter 2012

- § EBIT of USD 1.62 million and EBITDA of USD 2.85 million
- § More than 70 million new covered lives and 41 additional contracts
- § Home sleep test revenues rose by 100% in the first quarter 2012

International analyst and media conference call and audio web cast on LifeWatch Q1 2012 financial results

- § Thursday, May 10, 2012 at 10.00 a.m. CEST
- § Dial-in number: + 41 (0)91 610 56 00 (Europe), + 44 (0)203 059 58 62 (UK), +1 (1)866 291 41 66 (USA – Toll-free)
- § Audio web cast <http://services.choruscall.eu/links/lifewatch120510.html>

Neuhausen am Rheinfall/Switzerland – LifeWatch AG (SIX Swiss Exchange: LIFE), the leading provider of wireless telemedicine, today announces the results for the first quarter 2012. The Company continues to improve operating profit on EBIT and EBITDA level. All service lines of LifeWatch were able to attract new major contracts.

First Quarter 2012 Financial Highlights:

- Revenues of USD 21.13 million, compared with USD 21.08 million in Q1 2011.
- Gross margin was 58.0% compared with 58.5% in Q1 2011.
- Total departmental expenses were 50.4% of revenues compared with 58.1% in Q1 2011:
 - R&D expenses rose by approximately USD 0.30 million.
 - S&M expenses decreased by USD 1.69 million compared with Q1 2011
 - G&A expenses decreased by USD 0.32 million from Q1 2011.
- EBIT of USD 1.62 million compared with EBIT of USD 0.08 million in Q1 2011.
- EBITDA of USD 2.85 million compared with EBITDA of USD 1.40 million in Q1 2011.
- Net income of USD 0.60 million compared with a net loss of USD 0.95 million in Q1 2011.

Monitoring Services Updates

In March 2012 LifeWatch announced a joint development with U.S. medical technology developer Ansar on a break-through Parasympathetic & Sympathetic technology for diagnosing cardiogenic, neurogenic and vasovagal syncope. For the first time in the wireless cardiac monitoring industry, a treating physician will be able to measure individual parasympathetic and sympathetic responses of their patient. This information will be significant in providing additional clinical data for patients with Atrial Fibrillation, Syncope, Congestive Heart Failure, Cardiac Autonomic Neuropathy and Hypertension. These conditions together affect an estimated 99 million Americans. Millions of patients currently prescribed Beta blockers will also benefit from this test. The Company has made considerable progress with the deployment of the Ansar technology on the ACT wireless cardiac monitoring platform.

The Company launched the Elite outpatient cardiac monitoring service and technology during Q1 2012. The Elite service is a software-defined wireless cardiac monitoring platform designed with a programmable feature that allows a switch from the advanced ACT III ambulatory ECG telemetry system to a sophisticated Auto-Detect/Auto-Send 3-channel ECG cardiac monitoring system. This state-of-the-art technology enables a streamlined enrolment process, easier onsite inventory control and further efficiencies provided by a multi-functional solution which can replace the confusing array of monitoring technologies and services. The Elite service also benefits patients who do not have a dedicated landline and would not be able to transmit their ECGs using traditional cardiac monitors. The Elite service is arguably the most sophisticated outpatient cardiac monitoring service and technology in the market today.

Managed Care Updates

During the first quarter 2012 LifeWatch achieved 20 new contracts for ACT Services and 21 new contracts for NiteWatch services. Collectively, these new agreements represent over 71 million covered lives. Of note, United HealthCare and all of its affiliates completed a major new follow-on national agreement as an In-Network Preferred Provider providing coverage of our standard cardiac event monitoring and home sleep testing services to about 70 million members. Prime/NAMM of California contracted for cardiac monitoring services to their 205,000 members. Dimension Health PPO of South Florida contracted for Home Sleep Test services covering approximately 400,000 lives, and Fidelis Care of New York contracted for all LifeWatch service lines for more than 725,000 covered lives. LifeWatch continues to prove to providers the value of our cost effective health monitoring services. These new contracts corroborate our momentum in obtaining important coverage and payment contracts.

Revenues

Total revenues reached USD 21.13 million, an increase over Q1 2011. Revenues were slightly impacted by the discontinuation of Pacemaker services in Q2 2011, which are only offered to a few select accounts in Q1 2012. Our main sales and marketing efforts continue to focus primarily on the U.S. monitoring services market.

Gross Profit, EBITDA and EBIT

Gross profit was USD 12.26 million, reflecting a margin of 58.0%, compared with gross profit of USD 12.33 million with a margin of 58.5% in Q1 2011. EBITDA was USD 2.85 million in Q1 2012 compared with EBITDA of USD 1.40 million in Q1 2011. EBIT reached USD 1.62 million compared with EBIT of USD 0.08 million in Q1 2011.

Net Income

LifeWatch reported a net income of USD 0.60 million compared to a net loss of USD 0.95 million in Q1 2011. Earnings per share were USD 0.05 (fully diluted), compared to a loss per share of USD 0.08 (fully diluted) in the first quarter of 2011.

Outlook 2012

LifeWatch is committed to increasing revenues and improving profitability in 2012. The Company is investing in new service and technology offerings and expanding into new geographies and disease states.

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About LifeWatch AG:

LifeWatch AG, headquartered in Neuhausen am Rheinfall and listed on SIX Swiss Exchange (LIFE), Switzerland, is the leading healthcare technology and solution company, specializing in advanced telehealth systems and wireless remote patient monitoring services. LifeWatch services cater to individuals, ranging from high-risk and chronically ill patients, to consumers of health and wellness products. 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 cardiac monitoring service provider, and manufacturer of telecardiology products. LifeWatch is also introducing a new program for Home Sleep Testing of Obstructive Sleep Apnea (OSA) patients under the brand name NiteWatch. For additional information, please visit www.lifewatch.com.

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

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