



Press Release

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LifeWatch to announce results for the first quarter 2011

- Continuous enrollment growth in all services lines – LifeWatch monitored almost 65,000 patients in the first quarter 2011
- Secured 32 new contracts with insurance companies
- Achieved gross margin of 58.5%
- Positive EBITDA of USD 1.40 million
- Vice President Jake Mendelsohn will leave LifeWatch at the end of this week

International conference call and audio web cast about LifeWatch AG results in the first quarter 2011

- Thursday, May 12, 2011 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 Webcast <http://services.choruscall.eu/links/lifewatch110512.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 2011. LifeWatch's operating results continued to improve in Q1 2011, with positive levels of EBIT and EBITDA. Enrollments for cardiac monitoring and home sleep test services rose 7% compared with Q1 2010. At the same time, LifeWatch is announcing that Vice President Jake Mendelsohn will leave the company at the end of this week.

Fourth Quarter 2010 Financial Highlights:

- Revenues were down 6% to reach USD 21.08 million, compared to USD 22.39 million in Q1 2010.
- Gross margin improved significantly to 58.5%, compared to 40.8% in Q1 2010.
- G&A expenses decreased by USD 1.22 million from Q1 2010.
- EBIT of USD 0.08 million, compared to LBIT of USD 3.99 million in Q1 2010.
- EBITDA of USD 1.40 million, compared to LBITDA of USD 2.35 million in 2010.
- Cash, cash equivalents, marketable securities and structures amounted to USD 24.1 million.

- Capital reduction and repayment to shareholders of approx. USD 9.1 million during Q1 2011

Management changes

We have also to report the departure of our Vice President Jake Mendelsohn, who will leave the Company at the end of this week. The Board of Directors thanks Jake Mendelsohn for his work since joining the Company.

Service Enrollments

Enrollments for our cardiac monitoring and home sleep test services rose 7% compared to Q1 2010. In order to boost enrollments further, as already communicated in March, LifeWatch made significant changes to our sales force by promoting a team of leaders from within our sales organization at the end of February. These individuals possess strong selling skills, have a deep understanding of the market, and are experienced at identifying and implementing new business strategies. The team reports directly to executive management and has been mandated to develop successful selling programs and to improve our revenue streams.

As reported previously, the Centers for Medicare & Medicaid Services (CMS) introduced national pricing guidelines for payment code 93229 in January 2011 bringing, in our view, increased clarity and stability to the marketplace. LifeWatch continues to engage proactively with the Reimbursement Denial carriers to overturn their current policies, and we are confident that the CMS ruling will have a favorable impact on our negotiations.

NiteWatch

The NiteWatch service was re-launched in Q1 2011 with a refined, multi-faceted sales strategy, and additional sales individuals. To drive further growth, our cardiology sales force will educate our cardiology clients on the availability of NiteWatch Home Sleep Test services, while the new NiteWatch sales team will call on other medical disciplines such as ENTs (ear, nose and throat), pulmonologists and general practitioners. A team of independent representatives, who work strictly on commission, was also retained to help bolster growth in areas where we have no representation. We are also exploring partnerships with sleep labs and sleep equipment vendors across the country.

Sales Force

As mentioned previously, LifeWatch restructured its sales force during the first quarter of 2011. A team of sales professionals with combined strengths in training, identifying new strategies, and implementing monitoring programs will lead the sales organization. This team reports directly to executive management on a weekly basis. LifeWatch constantly explores new areas of growth. Our target growth areas include:

- Current Services – expand and grow the cardiac monitoring and sleep test businesses
- New Services – identify and expand into new areas of healthcare remote monitoring
- New Geographies – identify and expand into attractive international markets

Third Call Center in the USA

As reported in March, LifeWatch opened a new office in San Francisco, CA during Q1 2011. The office will house approximately 50 – 60 employees when fully staffed by the end of summer 2011 and will primarily be devoted to clinical call center operations. LifeWatch now operates call centers in three time zones providing redundancy, flexibility and a competitive advantage in the marketplace.

Revenues

Our consolidated revenues in the first quarter of 2011 are reported below:

- U.S.A. – USD 20.78 million, compared to USD 22.08 million in Q1 of 2010.
- Other markets – Revenues reached USD 0.30 million, compared to USD 0.31 million in Q1 2010

Our main sales and marketing efforts continue to focus primarily on the U.S. monitoring services market.

Gross Profit, EBITDA and EBIT

Gross profit improved to reach USD 12.33 million, reflecting a margin of 58.5%, compared to gross profit of USD 9.14 million with a margin of 40.8% in Q1 2010. Gross profit in Q1 2010 included a write off-of USD 1.5 million in inventory. EBITDA was USD 1.40 million, compared to LBITDA of USD 2.35 million reported in Q1 of 2010. EBIT was USD 0.08 million, compared to LBIT of USD 3.99 million in Q1 2010.

Net loss

LifeWatch reported a net loss of USD 0.95 million in Q 2011, compared to a net loss of USD 1.09 million recorded a year ago. Loss per share was USD 0.08 (fully diluted), compared to a loss per share of USD 0.09 (fully diluted) in the first quarter of 2010.

Outlook 2011

Our goals for 2011 are to increase our revenues, reduce costs and improve profitability in both our service lines. With that in mind, we reiterate our outlook for 2011 of USD 100 – 105 million of revenue, an EBIT margin of 10% plus and an EBITDA margin of 15% plus. As part of its long-term growth strategy, LifeWatch will continue to prudently invest in new services and geographies.

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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.

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