

COMPANY OVERVIEW

Through his wholly owned subsidiaries LifeWatch AG is the leading wireless cardiac service provider in the U.S., focused on delivering the next generation eHealth delivery platforms for consumers, high-risk and chronically ill patients. LifeWatch AG is headquartered in Switzerland and listed on the **SIX Swiss Exchange**. The company operates through its subsidiaries mainly in the United States while its Research & Development centre is in Israel. The main subsidiaries in the USA include: **LifeWatch Services, Inc.**, the leading U.S.-based 24/7/365 wireless cardiac monitoring service provider and **LifeWatch Technologies, Inc.**, a US-based manufacturer of telemedicine and cardiology products. LifeWatch's revenues are derived by almost 90% from its wireless cardiac monitoring services. Currently, LifeWatch employs approximately 600 people.

CORPORATE STRATEGY ON A GLANCE



CUSTOMERS AND TARGET GROUPS

LifeWatch's wireless cardiac services provide a total solution to health care providers seeking to balance quality of care, rising costs of treatment and shrinking budgets. Its portfolio of wireless and land-line telemedicine systems and monitoring services provide the tools for efficient monitoring, transmission, acquisition, processing, and storage of a patient's medical data. The key drivers for LifeWatch solutions are an expanding and ageing population of those who are concerned about health conditions.

STOCK DATA

| | |
|-----------------------------------|---------------------------------|
| <i>Market Segment:</i> | SIX Swiss Exchange/Main Board |
| <i>Trade on SWX Main Board:</i> | Since 29 October 2001 |
| <i>Trade on SWX New Market:</i> | 29 Nov 1999 – 26 Oct 2001 |
| <i>Ordinary share capital:</i> | 12,809,297 fully paid in shares |
| <i>Conditional share capital:</i> | 707,120 fully paid in shares |
| <i>Authorized share capital:</i> | None |
| <i>Valor Symbol / Number:</i> | LIFE / 001281545 |
| <i>ISIN:</i> | CH0012815459 |
| <i>Security type:</i> | Registered share |
| <i>Smallest tradeable unit:</i> | 1 |
| <i>Settlement currency:</i> | CHF |

RECENT COMPANY HIGHLIGHTS

In **full fiscal year 2008** LifeWatch's consolidated revenues increased by over **50%** in comparison with full fiscal year 2007, with consolidated revenues reaching **USD 84.33 million**. **Gross profit for fiscal year 2008** totalled **USD 45.38 million**, representing a **gross margin of 53.8%**, compared with fiscal year 2007 results, showing a gross profit of USD 24.89 million and a gross margin of 45.4%. **EBITDA** totalled **USD 15.3 million for fiscal year 2008**, with a double digit margin of **18.1%**. For comparison purposes, fiscal year 2007 corresponding index of LBITDA was USD 4.25 million. LifeWatch achieved an **EBIT of USD 10.97 million for fiscal year 2008**, reflecting an **EBIT margin of 13%**, in comparison with LBIT of USD 11.71 million reported in fiscal year 2007. For the past five consecutive quarters, LifeWatch reported results with growth trends and improved results from operation, due to the considerable increase of ACT revenues, in addition to rigorous cost controls throughout the organization.

COMPANY DATA (US-GAAP)

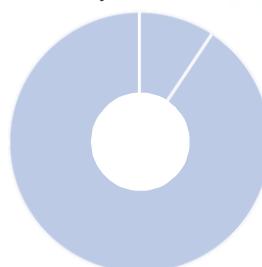
| USD millions | 2008 | 2007 | 2006 |
|---|---------------|----------|---------|
| <i>Revenues</i> | 84.329 | 54.844 | 54.541 |
| <i>Gross Profit</i> | 45.384 | 24.892 | 27.367 |
| <i>EBITDA / (LBITDA)</i> | 15.295 | (4.254) | (0.296) |
| <i>Net income / (loss)</i> | 4.716 | (10.816) | 1.844 |
| <i>Total assets</i> | 77.101 | 64.926 | 73.899 |
| <i>Current assets</i> | 46.644 | 25.868 | 31.268* |
| <i>Long-term investments</i> | 3.162 | 14.795 | 16.385* |
| <i>Fixed assets net</i> | 11.999 | 8.309 | 5.625 |
| <i>Goodwill, intangible and other assets, net</i> | 15.296 | 15.954 | 20.611 |
| <i>Current liabilities</i> | 26.268 | 21.042 | 19.660 |
| <i>Long-term liabilities</i> | 5.082 | 7.213 | 8.322 |
| <i>Shareholders' equity</i> | 45.751 | 36.671 | 45.907 |
| <i>Cash flow from operating activities</i> | 9.891 | (2.419) | 1.014 |

* **Reclassified**

TOTAL REVENUES FULL FISCAL YEAR 2008

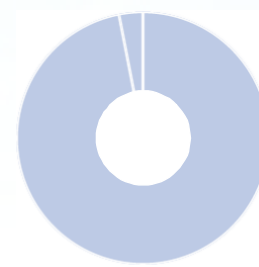
By business segment

Monitoring Services 90.72 %
Sale of Systems 9.28 %



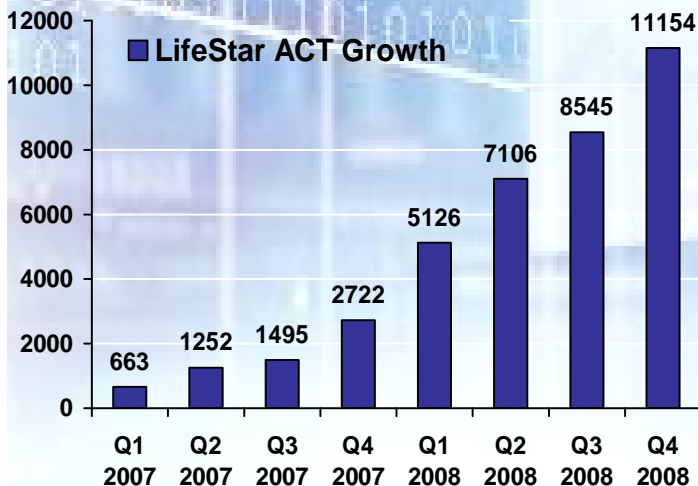
By region

USA 96.95 % / Other 3.05 %



GROWTH OPPORTUNITIES

The successful expansion of the wireless monitoring services in 2008 resulted in almost 32,000 patient enrolments, of which 3% were enrolled in LifeWatch's program for Atrial Fibrillation (AF), Syncope and Post Ablation Patient Care Programs. In 2008, LifeWatch created a federal business division in the U.S. that enables the company to offer its services to U.S. government agencies. As a result of this initiative, LifeWatch was awarded a national GSA Contract that facilitates a simplified procurement of ACT wireless monitoring services by a wide variety of U.S. government agencies. LifeWatch is the only IDTF in the wireless cardiac industry with the GSA Schedule. New national reimbursement rates that cover the LifeStar™ ACT wireless monitoring services in the U.S. became effective on January 1, 2009. The national CPT code 93229 provides strong validation of the LifeStar ACT wireless monitoring service and creates a simplified and stable reimbursement environment for physicians, insurance payors and patients.



TOWARDS THE INTEGRATED PLATFORM

Today LifeWatch primarily monitors cardiac event and pacemaker functions from its three monitoring centers. Now the company aims to leverage the combination of its call center infrastructure, its relationship networks with physicians and insurers to create an ideal platform that enables the monitoring of chronic illnesses such as congestive heart failure, diabetes and obesity. The PMP4 wireless health system will be integrated into the ACT service platform, and assist physicians in providing effective diagnosis and deliver the tools for modern and cost efficient health management. LifeWatch wants to expand these services to other health related markets.

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*The **LifeStar™ ACT III Platinum** monitor was successfully launched in the U.S. at the end of Q3 2008. ACT III Platinum is a high-performance wireless system and features a 3-channel ECG and ST deviation analysis (measures ischemic changes) to deliver more sensitive and specific data. ACT III Platinum has an extended sensor memory of six hours, and a flash memory of up to 30 days of data to allow physicians a recall of any of the ECG data for further study. This next generation solution is expected to break into new niche areas of wireless patient monitoring in 2009.*



ACT is enabling the LifeWatch health service platform