Letter to our Shareholders
Half-Year 2016 Results

Dear shareholders of LifeWatch,

LifeWatch First-Half Highlights

- *Revenue growth of 8.6% to USD 57.0 million*
- *Half-year results significantly impacted by a number of one-time items*
- *LBITDA of USD 3.0 million vs. an EBITDA of USD 7.2 million in H1 2015*
- *Adjusted EBITDA of USD 6.6 million in H1 2016*
- *Net loss of USD 9.8 million vs. net profit of USD 1.9 million in H1 2015*

Summary

LifeWatch AG reports continued revenue growth during the first half of 2016. In total, revenues during the first six months amounted to USD 57 million, an increase of 8.6% compared to the prior year period. Monitoring services revenue in the US grew by 10% in the first half of 2016 compared to the first half of 2015.

Revenue growth in the first quarter of 2016 was 12.3% however, growth in the second quarter slowed to 5% as compared to 2015, partially attributable to a backlog of orders and the reversal of a device sale. Although no backlog currently exists, there is likely to be a modest effect on sales for several months, meaning that the second half-year revenues may be less than previously anticipated. However, management believes that given the Company's comprehensive product and service offering growth will accelerate later in 2016.

The gross profit margin in the first half of 2016 was 49.1% as compared to 52.8% a year earlier. The reduction in margin is attributable to the write-off of capitalized software development costs and inventory for the Vital Signs Patch (VSP) project as well as other obsolete inventory. Without these one-time write-offs, the gross margin would have been 55.5%.

During the first half of the year, our US-based subsidiary LifeWatch Services Inc., signed 30 new or amended service contracts for our Mobile Cardiac Telemetry (MCT) business and 35 new or amended service contracts for our International Normalized Ratio (INR) business. These new service contracts are testament to the strength of the LifeWatch brand.

In terms of guidance, given the slowdown in growth in the second quarter, management anticipates single digit revenue growth for the full year. For the full year 2016, EBITDA is expected to be positive however, given the exceptional costs already incurred in 2016, EBIT and Net Income will remain negative.

Significant one-time costs negatively impact profitability

Research and development expenses increased to 4.7% of revenues in H1 2016 (H1 2015: 3.8%). However, without capitalization, R&D expenses would represent 5.8% of revenues (H1 2015: 5.7%). Sales and marketing expenses increased to 19.5% of revenue in H1 2016 (H1 2015: 18.0%). The increase is attributed to higher sales commission payments when compared to 2015. General and Administrative (G&A) expenses were negatively impacted by two one-time items (see table below), which contributed to the increase of USD 5.5 million in this category. G&A expenses in H1 2016 were 31.7% of revenue (H1 2015: 23.8%).

Other increases in G&A include costs related to a bonus scheme for all employees, higher labor costs, recruitment fees for several new senior staff members, new website design, FDA consultant costs, upgrade of global interconnectivity and the implementation of a new disaster recovery system.

The provision of the funds to pay the Qui Tam settlement, once the anticipated approvals by the government are received, and the reduction in the Highmark settlement, together with a recovery from the Pharmalife case and the settlement of an employee dismissal case are included under other charges and represent one-time legal settlement costs in the half-year.

As a result of these developments, the Company achieved earnings from operations (EBIT) of negative USD 7.63 million (H1 2015: USD 3.81 million) as well as earnings before interest, tax and depreciation (EBITDA) of negative USD 3.0 million (H1 2015: USD 7.2 million). Following the deduction of financial costs, tax and the share of the losses from establishing operations in Turkey, the Company had a net loss of USD 9.8 million (H1 2015; net income of USD 1.9 million).

Despite these negative developments, the company generated positive cash flow from operations of USD 0.9 million during the first six months of 2016, compared to USD 4.2 million during H1 2015.

As a result of the significant net loss the equity ratio decreased to 20.8% as of June 30, 2016 from 32.5% as of December 31, 2015 and 54.3% as of June 30, 2015. The capital increase, which was completed on July 22, 2016, as well as an expected improvement in the second half-year results will lead to a significant increase in this ratio.

The table below shows adjusted EBIT and adjusted EBITDA:

One-time items (in USD million):	
Vital Signs Patch development / inventory	-3.612
Qui Tam settlement	-12.975
Reduction in Highmark settlement	8.973
Pharmalife recovery net of employee settlement	0.248
Professional fees related to legal settlements	-0.964
Automation of bad debt provision calculation	-1.247
Total	-9.577
Adjusted EBIT	1.952
Adjusted EBIT margin	3.4%
Adjusted EBITDA	6.620
Adjusted EBITDA margin	11.6%

On-going development and market activities

As previously announced, the Company intends to become a pure-play service provider. Software development will remain in-house, although hardware development will be discontinued. In the future, the Company anticipates that devices will either be purchased from third parties or developed on a contract basis with an external party. The changes in strategy will involve some restructuring of our research and development activities in Israel, which will occur during the second half of the year.

Following the recent political developments in Turkey, management is closely monitoring the situation but is still of the opinion that a controlled launch of our cardiac monitoring business can be achieved by year-end. A full launch could occur in 2017. In the first half of 2016, the company invested approximately USD 1 million in the establishment of infrastructure, hiring of personnel and obtaining the necessary approvals in Turkey. Management expects that additional funding will be required in the second half of the year.

Other internal projects designed to improve customer service and efficiency should also come to fruition in the second half of 2016.

Capital Increase

The Company completed its ordinary capital increase on July 22, 2016 with the issuance of 4,994,019 new registered shares at CHF 9.00 per share, yielding net proceeds of approximately CHF 43.7 million. The company has so far used USD 16 million of these funds to pay the Highmark settlement (USD 13 million) and repay the Bank Leumi credit line (USD 3 million).

Outlook

LifeWatch is revising its full year guidance from that announced in its July 6, 2016 press release. Whilst we maintain that the Company will have a positive EBITDA margin, in the single digit range and negative EBIT and net income, we now expect that, as a result of the slowing of sales growth in the second quarter, revenue growth is likely to be in the single digit range.

Although the first half of 2016 has been disappointing, management is of the opinion that with the settlement of the two older legal cases, the Company has finally resolved the major remaining historical issues and can now fully focus on growing the business going forward.

With the launch of the new Mobile Cardiac Telemetry (MCT) 1-lead patch, the upcoming completion of several internal development projects and the planned entry into the Turkish market, the company has laid the foundation for future growth, the benefits of which should materialize in 2017 and beyond.

On behalf of the Board of Directors and Executive Management, we would like to thank all of our employees for their commitment and passion to shape the future of LifeWatch. We also thank our business partners as well as our patients for their loyalty and trust. And lastly, we thank you, esteemed shareholders, for your trust and, in particular, your support as shown by the 83% take-up of rights in the recent capital increase.

Sincerely,

Dr. Robert Bider
Chairman of the Board

Dr. Stephan Rietiker
Chief Executive Officer

FINANCIAL OVERVIEW

Key figures (unaudited, USD millions):

	H1 2016	H1 2015
Revenues	57.02	52.51
Gross profit	28.01	27.75
As % of revenues	*49.1%*	*52.8%*
EBITDA / (LBITDA)	(2.96)	7.23
As % of revenues	*NA*	*13.8%*
EBIT / (LBIT)	(7.63)	3.81
As % of revenues	*NA*	*7.3%*
Net income (loss)	(9.80)	1.94
As % of revenues	*NA*	*3.7%*
Earnings (loss) per share	(0.73)	0.14
Total fixed assets, net	16.58	16.22
Total assets	76.32	71.94
Total equity	15.90	39.04
As % of total assets	20.8%	54.3%
Net cash flow	(3.90)	0.02
Employees	631	612

Investor Relations

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Valor-No.:	1281545
Reuters:	LIFE.S

Further information on our website: www.lifewatch.com

Condensed Consolidated Financial Statements For June 30, 2016

(Unaudited)

Contents

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

USD thousands	June 30, 2016	June 30, 2015	December 31, 2015
	Unaudited	Unaudited	Audited
Assets			
Current assets:			
Cash and cash equivalents	3,497	7,108	7,400
Restricted bank deposit	-	790	-
Accounts receivable (trade & other), net	14,865	13,857	13,275
Deferred income taxes	13,105	8,518	13,142
Marketable securities and structures	52	-	-
Inventories	1,044	2,487	1,750
Total current assets	32,563	32,760	**35,567**
Other non-current assets:			
Marketable securities and structures	-	52	52
Deferred income taxes	6,002	4,684	6,018
Loan to associate company	1,416	-	-
Other investments and non-current receivables (trade and others)	895	884	895
Total non-current assets	8,313	5,620	**6,965**
Property plant and equipment, net	16,580	16,224	**16,348**
Goodwill, intangible and other assets, net	18,861	17,335	**20,440**
Total assets	76,317	71,939	**79,320**

USD thousands	**June 30, 2016**	June 30, 2015	December 31, 2015
	Unaudited	Unaudited	Audited
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term loans and other liabilities	**10,056**	**4,828**	6,508
Accounts payable and accruals (trade and other)	**23,997**	**19,261**	21,419
Provision for settlement	**23,225**	**3,221**	22,284
Total current liabilities	**57,278**	**27,310**	**50,211**
Non-current liabilities:			
Loans and other liabilities, net of current maturities	**1,441**	**1,874**	1,616
Accrued severance and other employee benefits	**832**	**326**	776
Obligation to associate company	**-**	**-**	155
Provision for settlement	**-**	**2,838**	-
Accrued expenses	**880**	**555**	797
Total non-current liabilities	**3,153**	**5,593**	**3,344**
Total liabilities	**60,431**	**32,903**	**53,555**
Shareholders' equity:			
Share capital, warrants, treasury shares, capital surplus and accumulated other comprehensive income (loss)	**149,528**	**148,992**	149,611
Accumulated deficit	**(123,846)**	**(111,898)**	(111,898)
Net (loss) income for the period	**(9,796)**	**1,942**	(11,948)
Total shareholders' equity	**15,886**	**39,036**	**25,765**
Total liabilities & shareholders' equity	**76,317**	**71,939**	**79,320**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS

	6 months ending June 30,	
USD thousands (except share and per share data)	2016 Unaudited	2015 Unaudited
Revenues	**57,015**	**52,512**
Cost of revenues	29,006	24,765
Gross profit	**28,009**	**27,747**
Research and development expenses	2,706	1,982
Selling and marketing expenses	11,119	9,453
General and administrative expenses	18,055	12,500
Legal settlements and other expenses, net	3,754	-
Total operating expenses	**35,634**	**23,935**
(Loss) income from operation	**(7,625)**	**3,812**
Financial and other expenses, net	(722)	(443)
(Loss) income before taxes	**(8,347)**	**3,369**
Tax expense	(503)	(1,427)
Share in losses of associated company	(946)	-
(Loss) income for the period	**(9,796)**	**1,942**

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING USED IN COMPUTATION OF (LOSS) EARNINGS PER SHARE (IN THOUSANDS)		
Basic	13,468	13,404
Diluted	13,468	13,417
(LOSS) EARNINGS PER SHARE (USD)		
Basic	(0.73)	0.14
Diluted	(0.73)	0.14

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Net (loss) income	**(9,796)**	**1,942**
Other comprehensive income:		
Actuary income from pension fund	32	-
Total other comprehensive income	32	-
Comprehensive (loss) income	**(9,764)**	**1,942**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

USD thousands	Paid-in share capital including premium	Accumulated deficit	Capital reserve	Treasury Shares	Accumu-lated other comprehen-sive loss	Total
BALANCE AT JANUARY 1, 2016 (AUDITED)	**150,422**	**(123,846)**	**70**	**(116)**	**(765)**	**25,765**
Changes During The Six Months Ended June 30, 2016 (Unaudited):						
Net loss for the period		(9,796)				**(9,796)**
Stock-based compensation for board members	(182)					**(182)**
Other comprehensive income					32	**32**
Treasure shares	7			18		**25**
Issuance of shares in respect of exercise of options granted to employees	42					**42**
BALANCE AT JUNE 30, 2016 (UNAUDITED)	**150,289**	**(133,642)**	**70**	**(98)**	**(733)**	**15,886**
BALANCE AT JANUARY 1, 2015 (AUDITED)	**149,518**	**(111,898)**	**70**	**(370)**	**(437)**	**36,883**
Changes During The Six Months Ended June 30, 2015 (Unaudited):						
Net income for the period	-	1,942	-	-	-	**1,942**
Issuance of shares in respect of exercise of options granted to employees	211	-	-	-	-	**211**
BALANCE AT JUNE 30, 2015 (UNAUDITED)	**149,729**	**(109,956)**	**70**	**(370)**	**(437)**	**39,036**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

	6 months ending June 30,	
USD thousands	2016 Unaudited	2015 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income for the period	(9,796)	1,942
Adjustments required to reconcile (loss) income for the period to net cash provided by operating activities:		
Income and expenses not involving cash flows:		
Share in affiliate loses	946	-
Write-off of other assets	2,393	-
Depreciation and amortization	4,668	3,422
Change in deferred income tax, net	53	1,413
Stock-based compensation for board members	189	-
Changes in operating assets and liabilities:		
(Increase) in accounts receivable, including non-current portion	(1,590)	(1,518)
Decrease (increase) in inventories	706	(514)
Increase (decrease) in accounts payable and accruals:		
Provision for settlement	941	(2,040)
Trade and others	2,379	1,483
Net cash provided by operating activities	**889**	**4,188**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,569)	(4,721)
Investment in and loans to associated company	(2,518)	-
Investment in intangible assets	(1,043)	(1,006)
Restricted bank deposit	-	(10)
Net cash used in investing activities	**(5,130)**	**(5,737)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares in respect of exercise of employee stock options	42	211
Proceeds from sale of treasury shares	25	-
Obligation under capital lease undertaken, net	(3,263)	(1,141)
Short term credit from bank and others	3,534	2,500
Net cash provided by financing activities	**338**	**1,570**
(Decrease) increase in cash and cash equivalents	**(3,903)**	**21**
Balance of cash and cash equivalents at beginning of period	7,400	7,087
Balance of cash and cash equivalents at end of period	**3,497**	**7,108**

SUPPLEMENTARY DISCLOSURE OF NON-CASH ACTIVITIES		
Capital leases of fixed assets	**3,102**	**-**

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1

Basis of presentation

The condensed consolidated interim financial statements of LifeWatch AG ("LifeWatch") and its subsidiaries (together the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information and accordingly do not include all information and disclosures as required by US GAAP for complete financial statements. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by US GAAP. Please refer to the consolidated financial statements as of December 31, 2015, as included in the Annual Report 2015, for further information. The financial statements are presented in United States Dollars ($ or USD). As per June 30, 2016 and for the period then ended, the primary statements are disclosed in USD thousands. The comparative prior year figures are disclosed accordingly. The par value of capital stock is denominated in Swiss francs (CHF).

In the opinion of management, these condensed consolidated interim financial statements reflect all adjustments necessary, which are of a normal recurring nature, to fairly state the condensed consolidated balance sheets, condensed consolidated statements of operations, condensed consolidated statements of comprehensive income (loss), condensed consolidated changes in shareholders' equity and cash flows for the interim periods presented.

NOTE 2

Liquidity

As of June 30, 2016 the Company has recorded a liability of approximately $23.2 million as a result of the settlement of legal cases, see notes 7 and 8. This total liability affects the future liquidity of the Company. Furthermore, upon the Company's announcement of the material adverse ruling for one of the cases, the Company received a Notice of Default from one of its primary commercial lenders.

In order to satisfy the liability of the legal cases and sustain the Company's operations and meet its business objectives, the Company obtained shareholder approval for an ordinary capital increase of up to 5,000,000 shares at its Annual General Meeting, held on April 15, 2016. This ordinary capital increase (rights issue) was successfully completed on July 22nd, 2016 with 83% of existing investors subscribing for their shares. The Company received net proceeds of CHF 43.7 million.

As of June 30, 2016, the Company had cash reserves of approximately $3.5 million and an outstanding line of credit balance of $6.0 million. One of the Company's credit lines is currently restricted to $3.0 million and is fully drawn whereas the other credit line of $6.0 million, of which $3 million is drawn, is unrestricted.

NOTE 3

Property plan and equipment

a. Composition of assets, grouped by major classifications, is as follows:

USD thousands	June 30, 2016	June 30, 2015	December 31, 2015
	Unaudited	Unaudited	Audited
Cost			
Manufacturing and peripheral equipment	12,725	12,291	13,175
Office furniture and equipment	3,281	3,027	3,136
Monitoring units	29,230	26,577	27,237
Motor vehicles	17	17	17
Leasehold improvements	1,710	1,537	1,600
Total costs	**46,963**	**43,449**	**45,165**
Less – accumulated depreciation and amortization	**30,383**	**27,225**	**28,817**
Total	**16,580**	**16,224**	**16,348**

b. Depreciation expenses in respect of fixed assets totaled USD 4,440 thousand USD 3,419 thousand and USD 8,005 thousand for the six months ended June 30, 2016, June 30, 2015, and for the twelve months ended December 31, 2015, respectively.

NOTE 4

Accrued pension benefits

The Company maintains retirement savings plans for its employees as required by law at each of its locations. With the exception of Switzerland these plans are defined contribution plans and as such no obligation exists for the Company over and above the contributions which are made during the year concerned. In Switzerland the plan qualifies as a defined benefit plan. The pension plan provides benefits upon retirement based upon the amount held in the fund at retirement.

The net periodic benefit cost for the Swiss pension plan for the six months ending June 30, 2016 and 2015 are as follows:

	Defined Benefit Pension Plan	
	June 30	
	2016	2015
	Unaudited	
	U.S. dollars in thousands	
Net periodic benefit cost		
Service cost	200	208
Interest cost	19	12
Expected return on plan assets	(35)	(22)
Actuarial loss recognized in current year	49	15
Prior service cost recognized in current year	(12)	10
Net periodic benefit cost	**221**	**223**

In accordance with ASC 715, the initial net liability was recorded in Accumulated Other Comprehensive Income and is being amortized in equal installments over the expected remaining service life of employees, which is approximately 9.7 years as of June 30, 2016. The amortized amount for the period ended June 30, 2016 is $32 thousand.

NOTE 5

Income taxes

a. Deferred income taxes

Deferred income taxes are determined by the asset and liability method based on the estimated future tax effects of differences between the financial accounting and tax basis of assets and liabilities under the applicable tax law. Deferred tax balances are computed using the tax rates expected to be in effect when these differences reverse.

Deferred tax assets and liabilities are classified as current or noncurrent based on the classification of the related assets or liabilities for financial reporting or, if not related to an asset or liability for financial reporting, according to the expected reversal dates of the specific temporary differences.

NOTE 5

Income taxes (*continued)*

b. Income tax uncertainties

The determination of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on the two-step process prescribed by applicable accounting principles. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires the Company to determine the probability of various possible outcomes. The Company reevaluates these uncertain tax positions. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

c. Carry forward tax losses

The Company and the Israeli subsidiary have carryforward losses as of June 30, 2016 and estimate that both entities will not utilize the deferred taxes related to those carryforward losses in the future and have recorded full valuation allowances for each entity.

The US subsidiaries have carryforward tax losses, as of June 30, 2016 and 2015 in the amounts of approximately $40.1 million and $41.2 million, respectively that may be used to offset future taxable income. These carryforward losses expire between 2023 and 2035. No valuation allowance was recorded in respect of deferred tax assets related to these carryforward tax losses as of June 30, 2016.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 6

Segment and geographic information

The Company's reportable segments consist of:

- Sales of Systems - Development, manufacture and marketing of trans-telephonic and wireless diagnostic equipment for the medical industry.
- Patient Services - Cardiac monitoring services of MCT, Event, Holter, INR, Pacemaker and sleep disorder services.
- Other - Company activities and expenses that are not assigned directly to either of the above segments.

The table below presents information about reported segments:

USD thousands	Sales of Systems	Patient Services	Other	Reconciling Items	Consolidated total
For the 6 months ended June 30, 2016 (Unaudited):					
Revenues from external customers	(587)	57,602	-	-	57,015
Inter-segments revenues	3,878	-	-	(3,878)	-
Total	**3,291**	**57,602**	**-**	**(3,878)**	**57,015**
Operating (loss) income	(8,116)	1,590	(2,965)	1,866	(7,625)
Depreciation and amortization	532	9,478	30	(5,372)	4,668
Goodwill	-	15,859	-	-	15,859
Capital investments	246	7,851	47	(3,473)	4,671
Total assets	**101,016**	**105,334**	**4,651**	**(134,684)**	**76,317**
For the 6 months ended June 30, 2015 (Unaudited):					
Revenues from external customers	165	52,347	-	-	52,512
Inter-segments revenues	8,270	-	-	(8,270)	-
Total	**8,435**	**52,347**	**-**	**(8,270)**	**52,512**
Operating income (loss)	4,018	4,583	(3,125)	(1,664)	3,812
Depreciation and amortization	255	9,044	18	(5,895)	3,422
Goodwill	-	14,976	-	-	14,976
Capital investments	393	11,682	11	(7,365)	4,721
Total assets	**106,338**	**83,611**	**2,385**	**(120,395)**	**71,939**

NOTE 6

Segment and geographic information (*continued)*

Following are data regarding revenues and long-lived assets classified by geographical location of the customers:

USD thousands	Revenues	Long-lived assets
For the six months ended June 30, 2016 (Unaudited)		
United States and Canada	57,603	15,034
Europe	-	376
Asia	(595)	-
Other	7	1,170
Total	**57,015**	**16,580**
For the six months ended June 30, 2015 (Unaudited)		
United States and Canada	52,347	14,756
Europe	11	254
Asia	154	-
Other	-	1,214
Total	**52,512**	**16,224**

NOTE 7

Material contingencies and credit agreements

a. In March 2016, an arbitrator from the International Centre for Dispute Resolution issued a material adverse decision against the Company, relating to its dispute with Highmark over billing and payment practices. The arbitrator found the Company liable for damages for the years 2009 – 2010 in the approximate amount of $18.7 million plus six percent per annum simple pre-judgement interest from January 2013. This amount will be reduced by approximately $0.7 million in offsets which have been previously taken. The liability was reflected in the Company's 2015 annual report. For subsequent events relating to this award see Note 8a.

A Qui Tam ("Whistleblower") action filed under seal in 2013 was unsealed and served upon the Company at the end of 2014. The case contained allegations related to billing processes for clinical services provided off shore. In June 2016, the Company announced a preliminary settlement in the case. The parties recently signed a Memorandum of Understanding that would require the Company to pay a total of $12.75 million to the US Government and the Whistleblower, and are awaiting approval of the proposed settlement from the Department of Justice.

In 2014, the Company released its former CFO for cause. In 2015, the former executive filed an action with the Israeli labor court claiming wrongful termination and demanded his notice pay as well as other damages amounting to approximately $250 thousand. The matter was settled for $125 thousand in the labor court on May 31, 2016 and will be paid in the second half of the year.

As of June 30, 2016 and 2015, the total amount of provisions for repayments was $23,225 thousand and $6,059 thousand, respectively.

NOTE 7

Material contingencies and credit agreements *(continued)*

b. Line of Credit agreement update

On February 1, 2016, the Company entered into an amended and restated line and security agreement with a US based financial institution. The restated agreement increases the maximum borrowings under the line of credit to $7.0 million and extends the maturity date to February 2, 2017. This agreement is in default as of March 15, 2016 and frozen with an outstanding balance of $3 million as detailed in Company's 2015 annual report. The line of credit agreement was repaid and canceled in August 2016.

c. Credit Facility agreement

On January 16, 2016, the Company entered into a $6.0 million Credit Facility with a Switzerland based financial institution, which is intended to be used for and finance general corporate activities. The interest rate for all advances that are drawn by the Company is determined by the bank and paid quarterly. The Credit Facility is collateralized with a $6.6 million First Demand Guarantee by the Company, and expires on June 30, 2017.

This credit facility was suspended as of March 31, 2016. In May 2016, the amount available was reduced to $3.0 million. The Credit Facility was fully reinstated in June 2016 and as of June 30, 2016, $3.0 million was drawn.

d. Vital Connect agreement

The Company exercised its option to terminate the license and supply agreement with Vital Connect as of June 30, 2016, because technical issues prevented the first commercial use of the solution within the foreseen time period. Vital Connect has communicated with the Company by letter and has reserved the right to take action for damages related to loss of sales of USD 9.6 million, which they believe they have suffered. The Company is of the opinion that the Vital Connects claim is unfounded.

NOTE 8

Subsequent events

a. Legal Settlements

On June 1, 2016, the Company announced that it had reached an agreement with the private health insurer to reduce its $18.7 million plus six percent per annum simple pre-judgement interest from January 2013 award to $13.0 million. In return, the Company agreed to release the private health insurer and its affiliates from the antitrust case the Company has pending against them. The settlement agreement is conditional upon payment being made by August 15, 2016 at the latest. The settlement was paid in July 2016.

b. Capital Increase update

In April 2016, the Company announced shareholder approval to raise additional capital through the issuance of a maximum of 5.0 million ordinary shares of CHF 1.30 par value. This ordinary capital increase (rights issue) was successfully completed on July 22nd, 2016 with 83% of existing investors subscribing for their shares. The Company received CHF 43.7 million net of costs.