

MEDICAL ALARM CONCEPTS HOLDINGS INC
Form 10-K/A
May 01, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

Amendment No. 2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2014

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the Transition Period from _____ to _____

Commission file number 333-153290

MEDICAL ALARM CONCEPTS HOLDING, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

26-3534190

(I.R.S. Employer Identification No.)

200 W. Church Road

Suite B

King of Prussia , PA 19406

(Address of principal executive offices)

(877) 639-2929

(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to Section 12(g) of the Act: (Title of Each Class)
None	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant, based upon the closing bid quotation for the registrant's common stock, as reported on the OTC Bulletin Board quotation service, as of December 31, 2013, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$3,832,919.

As of October 27, 2014, the registrant had 5,628,679 shares of common stock issued and outstanding, respectively.

Annual Report on Form 10-K

For the Fiscal Year Ended June 30, 2014

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EXPLANATORY NOTE

This Second Amendment to Form 10-K (the “Form 10-K/A-2”) is being filed by Medical Alarm Concepts Holdings, Inc. (the “Company”) in response to comments made by the staff of the Securities and Exchange Commission (“SEC”) by letter dated April 20, 2015 on the presentation in the Company in its original annual report on Form 10-K for the fiscal year ended June 30, 2014 filed with the SEC on November 3, 2014, and as subsequently amended on April 10, 2015. Except as necessary to respond to the SEC staff comments, the Company has not modified or updated disclosures presented in the original annual report on Form 10-K, as subsequently amended on April 10, 2015. Accordingly, this Form 10-K/A-2 does not reflect events occurring after the filing of our original Form 10-K or modify or update those disclosures affected by subsequent events, except as specifically referenced herein. Accordingly, this Form 10-K/A-2 should be read in conjunction with our periodic filings made with the SEC subsequent to the date of the original filing, including any amendments to those filings, as well as any Current Reports filed on Form 8-K subsequent to the date of the original filing.

Part I

Special Note Regarding Forward-Looking Statements

On one or more occasions, we may make forward-looking statements in this Annual Report on Form 10-K regarding our assumptions, projections, expectations, targets, intentions or beliefs about future events. Words or phrases such as “anticipates,” “may,” “will,” “should,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “targets,” “will continue” or similar expressions identify forward-looking statements. These forward-looking statements are only our predictions and involve numerous assumptions, risks and uncertainties, including, but not limited to those listed below and those business risks and factors described elsewhere in this report and our other Securities and Exchange Commission filings.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent annual and periodic reports filed with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K and Proxy Statements on Schedule 14A.

References herein to “we,” “us,” “our” or “the Company” refer to Medical Alarm Concepts Holding, Inc. and its subsidiaries.

ITEM 1. Business

General

Medical Alarm Concepts Holding, Inc. (the “Company” or “Medical Alarm”) was formed in June 2008 and, on June 24, 2008 we acquired 100% of the membership interests in Medical Alarm Concepts, LLC, a Delaware limited liability corporation. The operation was financed with a considerable amount of toxic convertible debt. This type of financing, along with several other issues, prevented the Company from realizing a robust growth rate for its first few years of operation. Since that time, considerable management time has been spent and investor money utilized to turn the Company's operation around. As of the date of this filing, the Company is currently experiencing a robust growth rate, quality relationships with quality customers, and a significantly improved balance sheet.

The Company's flagship product is called the MediPendant®, which is a personal emergency alarm, often referred to in the industry as a Personal Emergency Response System (PERS), which is used to summon help in the event of an emergency at home. While it is primarily a device for older people, there is also a market for those who are physically disabled, as well as for persons living alone. The MediPendant® device has significant feature and function advantages over other personal medical alarms in the marketplace today. Approximately 70% of all medical alarms currently being sold in the United States are first-generation technologies that require the user to speak and listen through a

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central base station unit. If the user of one of these older generation products is not within speaking or listening distance to the base station, the user may not be heard by the operator in the centralized emergency monitoring center. The MediPendant® enables the wearer to simply speak and listen directly through the pendant in the event of an emergency. The MediPendant® is designed to be worn in the bath or shower and offers a 600-foot range, so that the wearer can operate the unit from virtually anywhere within their home or on their property. The product is extremely durable, very reliable, and offers an extremely long battery life. The MediPendant® has strong intellectual property patent protection. The patent protects a unique feature of the product, which is voice prompts that alert the user of the operational status of the device. This gives the user some peace of mind during an emergency because they know with certainty that their distress signal has been activated and help is being summoned.

During December of 2011, the Company announced that the MediPendant® would be distributed by Costco Wholesale Corporation. Costco is one of the largest retailers in not only the United States, but throughout the world with approximately 75,000,000 customers. The Company's relationship with this retailer has been strong, sales are occurring on a daily basis, and customer satisfaction is high. The Company successfully runs sales programs at Costco including email blasts, Costco coupons, inserts in Costco Magazines, and assorted other promotions. The MediPendant® product will continue to be included in Costco promotions. The MediPendant® has received 28 product reviews on the retailer's website, 21 of which are "5 out of 5 Star" ratings. The average rating is "4.5 Stars" out of 5 Stars.

The Company has a relationship with APS Healthcare Bethesda Inc. Under the terms of the contract, the MediPendant® will be offered to qualified individuals, based on certain criteria, at little or no cost to the individual. The health insurance company is responsible for the monthly monitoring fee as well as the cost of the equipment. These programs are not only an added benefit and security measure for qualifying individuals living alone with medical issues, but also as a cost-saving method for health insurance companies, by helping to avoid unnecessary ambulance and emergency room visits. We expect to expand this program to other health insurance companies throughout the country during 2015.

The Company has also had successes internationally with distribution agreements and relationships in Denmark, Ireland, Canada, and Bermuda. Medical Alarm Concepts is expecting steady growth from its international markets in 2015 and is currently working on an agreement in Dubai that would create a pilot program to supply medical monitoring with the MediPendant in the Arabic language.

The Company also distributes the MediPendant® through Internet marketing via SEO (search engine optimization), online advertising, social media, and relationships with other websites that have synergistic products and customer demographics. We work with several online dealers who promote and sell the MediPendant® on their own websites and through their own online marketing channels.

We also have relationships with outside call centers/monitoring centers whose customer base and marketing efforts are similar to ours. We have a variety of marketing agreements with these call centers to promote the MediPendant® to new and existing customers.

Significant investment is planned to expand sales opportunities relative to the above areas.

Recent Events

The Company has spent significant time and money over the past year in an effort to update its financial statements and reporting process. We have made a total of 16 filings within the past 12 months, and we are now current and a fully reporting publicly traded OTC company.

During the last year, seeing that we could create a profitable operation, the Company began to plan for the future. The stock issued as a result of the Global Settlement Agreement

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described elsewhere in this prospectus, which was designed to eliminate the Company's toxic debt, increased the SG&A expenses for the year ending June 30, 2014. This was as a direct result of the costs associated with the stock awarded as part of the Global Settlement Agreement. This was a one-time event, and the associated expenses will not appear in upcoming financials. The derivative liabilities and the underlying warrants that have been part of our financial statements for the past few years are no longer a part of the Company and its capital structure. All have been retired as a result of the Global Settlement Agreement.

The working capital decrease from 2013 in our filings has not changed significantly over the past year, and the stockholders deficit has remained fairly constant as well. The Company feels that increased sales resulting from its new product launch, and its plans on raising money during 2015, will help improve its stockholders deficit. However, there is no assurance that the company will be able to raise capital successfully.

The Company expects the balance of calendar year 2015 and 2016 to be one of continued growth when taking into account the combined effect of both monthly recurring revenues and distribution sales, which will allow the Company to realize sustainable positive operating cash flow. In general, monthly recurring revenues have been growing steadily. Distribution sales (sales of equipment only) in both 2013 & 2014 represented about 30% of total revenue. However, because of our new product (iHelp Mobile Medical Alert System) and its dealer program we are working on, we believe that growth will continue in both monthly revenues and distribution sales and that this growth would be based on the new iHelp Alert system and remain sustainable into the future.

The company recently announced the launch of a new, advanced medical alarm device called the iHelp™. The iHelp™ is an advanced mobile medical alert system, designed to be easy to use, lightweight yet durable, but with significantly advanced features. The company has invested time, manpower, and money into the development and launch of this product. On September 30, 2014 the company signed an agreement for a \$300,000 line of credit to enable it to launch iHelp™ and to build the infrastructure that will allow us to buy and track air time from AT&T and T-Mobile for cellular operation of this unit. The iHelp™ has enhanced features and functions including an advanced GPS system, the ability to remotely locate a loved one, patented voice prompts, and a dealer portal that enables dealers to manage their own iHelp customer base. A significant amount of time was spent on the back end systems, including the dealer portal. iHelp™ dealers will have significant benefits, most importantly the ease of use in ordering product, activating and deactivating customers, tracking their customer usage, and creating and printing a variety of reports to assist in billing and collecting revenues. The iHelp™ dealer program is a turn-key program that offers the dealer the opportunity to provide his/her customers with the latest products without having to change his/her own back end. The company has already had a significant amount of interest in the iHelp™ product and anticipates that the iHelp™ will increase its revenues substantially, and enable it to show continued growth in both revenues, gross margins, and cash flow.

The company has also begun its search to acquire synergistic company(s), in an effort to expand the business in other areas of the healthcare-related industry. We believe that adding company acquisitions to our business plan in 2015 will help us with our strategy to build a strong company with long term goals, and enable us to increase our market share in this vastly growing market.

The company generates sales mainly through recurring revenues generated by monitoring fees paid by the users of our medical alert systems, equipment sales which are generated by those "dealers" that would like to resell our products to users, and through recurring revenues generated by those dealers who will resell our new mobile alert system (iHelpAlarm) air time that we purchase through Kore, a reseller of air time (AT & T and T-Mobile). Our customers

pay us a monthly subscription fee (recurring) in exchange for providing them a service. This creates an initial negative cash flow because the company also needs to supply equipment (a medical alert system) for the customer to be able to use their services. When the customer pushes the emergency button on the unit's transmitter, an operator at a monitoring center that we subcontract this service to will respond and ask if they need help. Most companies, except possibly for the very largest, in the PERS (Personal Emergency Response System) industry also

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subcontract this work out because it is often less expensive, the costs are fixed, and they do not have enough customers to take advantage of scaling this cost. We use three different monitoring centers. We pay a fixed cost for this monitoring (approximately \$4 per customer), and pass this on to our “user” for approximately \$30 per customer. The gross margin helps pay for the cost of the medical alert system equipment, the cost for the monitoring, customer service, warranty replacements, and billing functions. We will either dispatch help, patch the call to a loved one, or answer any questions they may have. The ability to contract this monitoring service has allowed the company to have an exact fee that we are charged for this service, and to create relationships with people in the industry (the monitoring centers) that help us sell our product. With the new arrival of the iHelpAlarm system we will be increasing our equipment sales as this will be a “dealer” program. This unit will be mainly sold directly to dealers and/or monitoring centers who will resell the product and its services directly to users. Additionally, each iHelpAlarm system requires a SIM card for ongoing telecommunications. The Company will continue to charge the dealer a monthly fee for the ongoing telecommunications charges, and this monthly rate will create a profit for the company on an ongoing monthly basis as long as the unit stays activated.

The Company recently announced the acquisition of 51% of Medical Sales Group, LLC (MSG). MSG is owned equally by three individuals, one of which is Ronald Adams, the CEO of Medical Alarm Concepts. MSG was formed primarily to acquire PERS and mPERS accounts in bulk, from dealers that want to quickly capitalize on their account base. MSG has done several acquisitions and continues to seek out additional dealers interested in selling their existing accounts. MSG is also seeking to acquire synergistic company(s), in an effort to expand the business in other areas as well. The Company plans to accomplish this by either raising money through an offering, doing acquisitions with stock, or through a combination of both methods. An agreement is in place, but the acquisition will not be completed until an ongoing audit necessary to comply with regulatory requirements is finished.

Market Background

Living arrangements have changed greatly in the United States among older people and other potentially vulnerable segments of the population, including those with physical disabilities and/or medical conditions. During the 20th century, one of the most dramatic changes in the lives of the aging in the United States, was the rise of the number of aging people living at home alone. In 1910, for example, only 12% of widows age 65 or older lived alone. In 1970, this figure was 70% and today it is estimated to be impressively higher.

In the 21st century, this trend has gained momentum and become stronger than ever, with more of the aging and medically at risk population living alone at present than at any other time in the past, especially with the rise of the aging Baby Boomer population. The Baby Boomers, those born between 1946 and 1964, started turning 65 years old in 2011, with the number of older people set to increase dramatically during the 2010 to 2030 time period. According to a 2009 analysis of U.S. Current Population Survey data, “between 2010 and 2030, the number of people age 65 and older is projected to grow by 31.7 million or 79.2%.” Thus, the older population in 2030 is projected to be twice as large as in 2000, growing from 35 million to 71.5 million, representing nearly 20% of the total U.S. population around the year 2030.

This social dynamic of a rising older population is true in both the United States as well as in many developed nations worldwide. Likewise, social change, technological advancements, and general lifestyle choices have promoted increased independence and the ability to live alone among other potentially vulnerable segments of the population such as those with physical disabilities or medical conditions. These groups can be especially susceptible to health problems and concerns for their physical wellbeing. Experts and even common sense agree that in order to help facilitate independence and safety, more help is needed to provide these people with a point of contact in case of emergency, or the benefit of support in a time of need. It was in response to this situation that the personal emergency response systems (PERS) industry emerged in the United States and developed the first personal medical alarm. The most obvious and common use for personal medical alarms is as a safeguard for the aged and persons with certain

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medical conditions, in case of an age or health related incident that requires immediate attention, but in which the victim is unable to reach out for assistance via traditional means, including the ability to make a telephone call.

Effective personal emergency response systems with their emergency alert capabilities, are a key technology solution that can greatly help the vulnerable segment of the population live a more free and active life while maintaining the security of being able to access immediate assistance as needed. In fact, there has been a boom in the PERS market in recent years because of the growing aging population worldwide. According to Forrester Research, Inc., the PERS market in the United States has grown at double digit rates, from approximately \$350 million in 2004 to \$2 billion in 2012 and increasing every year thereafter

Today, however, while the PERS industry has been around for a long time, much of the technology within the industry has unfortunately remained stagnant. Many of the original PERS solutions are still designed today to provide alerts whereby a push of a button simply triggers a call center operator to respond by calling the device user at home, with two-way voice communication done through a centralized speaker box and not the actual device itself. Thus, traditional PERS solutions currently on the market offer communication between user and a call center only through a speaker box. This greatly inhibits the user's freedom and limits their mobility to an area near the speaker box.

Medical Alarm Concepts™ has built upon traditional PERS technology™ to develop a revolutionary patented solution for direct two-way voice communication through its MediPendant® alarm device. In particular, the Company's wearable alarm pendant enables users to manage the spontaneity of an emergency by responding through a two-way voice speakerphone pendant that connects to a monitored call center for direct communication, leaving users free to move in and around their home within an extended mobility range that exceeds that of other personal alarm offerings. The Company's patented "voice prompts" add another layer of comfort to the user during an emergency by letting them know the status of their call for help as it is progressing; "your call for help is being dialed, battery status is okay, and help is on the way." Additionally, MediPendant®'s advanced technology allows for three-way calling between the operator, the user and the dispatched first responders and/or a friend and family member. No other available PERS system on the marketplace today offers the benefit of three-way voice conferencing directly through the pendant.

These attributes of the MediPendant® mark an important distinction relative to the competition and make the Company's solution unique in the industry and highly desirable to end users who want to be able to move more broadly about their living quarters with increased freedom and comfort. Additionally, the Company has recently released a new, technologically advanced medical alarm product to the market. The device is called the iHelp and falls under a brand new market know as mobile PERS or mPERS. mPERS incorporates both GSM and GPS services to connect the user directly to the monitoring center, and trace their exact location. It may be used anywhere cellular services is available. According to Frost & Sullivan Research, decreasing cell transmission costs, similar monthly contract cost structure to standard PERS, and convenience from mixed wi-fi (in-home) and cell reception (out-of-home) capability, mPERS is expected to gain significant traction to become the preferred single point emergency deployment technology for new sales. Mobile PERS will also gradually subsume standard home-based PERS sales through pricing that encourages product switch from traditional PERS. The total PERS market is expected to see growth from \$1.08 billion in 2013 to \$1.46 billion in 2017.

The Company is confident that the introduction of their mPERS product to the marketplace will increase its revenues substantially, and enable it to show continued growth in both revenues, gross margins, and cash flow.

Market Opportunity

The healthcare industry is the largest industry in the world, with the home healthcare market in developed countries in particular growing rapidly, driven in part by aging baby boomers and a growing shift toward moving some types of healthcare away from the hospital and into the home.

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These trends help make the home healthcare sector an increasingly attractive market for successful companies that offer effective solutions in the PERS industry space.

The most obvious and common use for personal medical alarms is as a safeguard for the aged and persons with certain medical conditions, in case of an age or health related incident that requires immediate attention, but in which the victim is unable to reach out for assistance via traditional means, including the placement of a telephone call. While very few things can prevent falls by aged persons or other unforeseen medical emergencies, medical alarms mitigate the potential harm and expensive hospital stays done by initiating a timely response to such an incident.

In fact, there has been a boom in the PERS market in recent years because of the growing aging population worldwide and in the United States in particular. According to the U.S. Census Bureau, the number of people over 65 in the United States is set to jump from approximately 34 million today to approximately 74 million in 2025. By 2050, this number is projected to reach 86.7 million, with many of them living at home or in an alternative home-type environment. Worldwide, this figure number is expected to double from some 550 million people currently at age 65 years old to over 1.2 billion seniors by the time period around the year 2025.

Not surprisingly, experts in the health care industry expect many of these seniors will want to continue living independently at home for as long as possible. Likewise, more than any aging generation of the past, this population is expected to be more technology-savvy as consumers of healthcare are very interested in playing an active role in personally managing their health and well-being. Importantly, they will likely look to technologies that help them gain access to medical care while being able to remain independent and outside a hospital environment.

Effective personal emergency response systems (PERS), with their emergency alert capabilities, are a key technology solution that can greatly help the vulnerable segment of the population live a more free and active life while maintaining the security of being able to access immediate assistance as needed. According to Forrester Research, Inc., the PERS market in the United States has grown at double digit rates, from approximately \$350 million in 2004 to \$2 billion in 2012 and increasing every year thereafter

According to statistics from some of the industry's largest providers of traditional PERS solutions, customers of these emergency alert systems are typically individuals over the age of 75 years old whom are predominantly female and live alone, with the actual buyers of PERS systems often being the end user's children who purchase the medical alarms for their parents.

Regarding purchases of PERS solutions worldwide, the large majority of customers currently pay for their PERS products out-of-pocket, with government reimbursement for PERS items varying from country to country. In the United States, for example, 25% of PERS sales were government reimbursed in 2004, compared to 35% in Germany, just over 50% in France and nearly 100% in the United Kingdom. Furthermore, it is estimated government reimbursement for PERS will ramp up in a number of countries, further fuelling demand for these products.

Interestingly, as an approximation of the potential PERS market size in the United States, Lifeline Systems, Inc., the founder of the PERS industry in the U.S. approximately 25 years ago, served 250,000 users in the United States and Canada around the time frame of 1992. Today, Philips Medical Systems' acquisition of Lifeline Medical Alarm has positioned it as the largest provider of traditional PERS systems with over 700,000 monitored accounts, implying that the total market size of users is likely much larger.

Sales and Marketing

The company's marketing efforts are focused in four main areas, 1) Internet sales & marketing, 2) retail distribution, 3) wholesale distribution and 4) international markets.

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Internet Sales & Marketing - the Company markets the MediPendant® through its website at www.MediPendant.com and ihelpalarm.com. Sales take place over the phone with one of our customer service representatives or via an online order form. The company uses a variety of techniques, such as Internet paid ad campaigns, in order to drive web traffic to the website, and initiate potential customer sales calls. We also do online advertising and have several relationships with other websites/online companies that have synergistic products and customer demographics. The Company also distributes the MediPendant® via SEO (search engine optimization) and social media. We work with several online dealers who promote and sell the MediPendant® on their own websites and through their own online marketing channels.

Retail Distribution - During 2012, the company announced its plans to promote the MediPendant® product utilizing an e-commerce marketing strategy program designed specifically for Costco Wholesale Corporation and its members. Costco began offering the MediPendant® to its customers via its website during the spring of 2012. Since that time, sales have met the company's expectations and several special marketing programs, including email, postal mail and in-store print distribution campaigns have been instituted in conjunction with this retailing partner. Sales are generated on a regular basis and our relationship with Costco remains intact.

Wholesale Distribution - The Company currently has several relationships with wholesalers who resell the MediPendant® product in conjunction with their own monitoring services. The company believes its relationships with its strategic partners is good. The company is currently in discussions with several other wholesale groups looking to distribute the MediPendant ® through their own independent channels.

International Markets – The Company distributes its products in a wholesale manner to selected international markets. To date, the company has signed marketing relationships with partners in Denmark, Ireland, Canada and Bermuda.

Television Sales – In November 2014 the Company purchased time slots for a 2-minute commercial that airs on Cablevision in the New York and Connecticut area. The commercial aired a total of 200 times over the course of 30 days with the option of purchasing additional spots.

Dealer Program – The Company will distribute its new product, the iHelp™ Mobile Medical Alarm System through various dealer networks. . 1000 iHelp™ kits have been received and are being resold to various dealers. 4000 additional units are planned to be received by the end of the second quarter of 2015. The iHelp™ dealer program is a comprehensive, turn-key program that enables the dealer to offer to new or existing customers, the advanced technology, value-based, and feature rich service of the iHelp™ mobile medical alarm. Our dealers have the ability to maintain direct control of their monitoring functions while also taking advantage of the proven monthly recurring revenue business model.

Competition

The market for Personal Emergency Response Systems (PERS) is highly fragmented. Because the vast majority of the market participants are private corporations, only limited information about competitors is available.

The vast majority of competitors market first generation PERS systems that rely on a centralized base station for communication between the user and the monitoring center. The second largest of these market participants is believed to be Life Alert, which was founded in 1987. The largest participant is thought to be Philips Medical Systems, which several years ago purchased Lifeline Medical Alarms. Additionally, there are dozens of smaller organizations marketing PERS devices and monitoring services.

Mobile Medical Alerts have recently been introduced to the market. They are designed for the younger and more active person with medical issues and also the active elderly adult. However, they need to be charged on a daily basis,

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they cannot get wet, the location based system they use to find the user is not very precise, and there are dead zones or no service issues as well

There is also a growing trend in the industry toward the sale of non-monitored PERS devices. Such products, upon activation by the user, connect the user NOT to a centralized private monitoring function, but to either an E-911 operator or to a family member or other person. These non-monitored PERS devices are typically for the consumer to purchase as a one-time purchase and do not require the payment of monthly monitoring fees.

Mobile Medical Alerts have recently been introduced to the market. They are designed for the younger and more active person with medical issues and also the active elderly adult. These devices known as mobile PERS or mPERS incorporate both GSM and GPS services to connect the user directly to the monitoring center, and trace their exact location respectively. It is the next generation in PERS devices. According to Frost & Sullivan Research, decreasing cell transmission costs, similar monthly contract cost structure to standard PERS, and convenience from mixed wifi (in-home) and cell reception (out-of-home) capability, mPERS is expected to gain significant traction to become the preferred single point emergency deployment technology for new sales. Mobile PERS will also gradually subsume standard home-based PERS sales through pricing that encourages product switch from traditional PERS.

Patents

On July 10, 2008, the Company entered into a Purchase Agreement and Patent Assignment Agreement (the "Agreement") effective July 31, 2008. The Company was obligated to pay the seller \$2,500,000 on June 30, 2012. The Agreement specifies interest of 6% payable monthly, commencing on July 31, 2008. The seller had the right to reacquire all patents and applications if payment was not made on June 30, 2012; however, this agreement has been extended quarterly since June 30, 2012 and is current now through March 31, 2015. The patent purchase agreement refers to patent #RE41845 and RE41392. The scope of the patents are as follows: A personal emergency communication system includes a user-carried portable communication unit having a single button, which when depressed by the user, wirelessly sends a call request signal to a base unit. The base unit initiates a telephone call through a dial-up network to an emergency response center and places an operator at the emergency center responder in wireless voice communication with the portable unit when the call is connected. The telephone number to be called can be stored in at least one of the portable unit and the base unit. A speech synthesizer operating in combination with automated voice messages stored in at least one of the base unit and portable unit system memory are used to advise the user of the status of the call, and to provide the user with verbal confirmation that functional systems of the base unit are operating properly.

Manufacturing and Suppliers

The Company has one supplier located in China that has been manufacturing the MediPendant® since its inception. Relations with the supplier are good and the performance of products purchased from the supplier has been very

reliable. The supplier maintains long lead time items in its factory in order to expedite deliveries of the product to the Company. Products are purchased in US dollars and the price has increased by approximately 20% over the seven year period since the relationship began. We have added another supplier, also located in China, to manufacture our mobile PERS system, the iHelp™. Both of these products needed to go through government mandated testing to comply with FCC regulations, and are also CE Certified, a standard of performance.

Research and Development

Over the last 2 years, the Company has explored various products and services that are synergistic with the existing business. These include new technologies available in the medical alarm market. Costs for research and development for these new technologies include costs for engineering, testing, trials, and reverse engineering of existing products. The costs incurred by the Company have been expensed and aggregate approximately \$75,000 and \$25,000 respectively for years 2014 and 2013.

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Environmental Matters

Our operations are not subject to environmental laws and regulations enforceable by national, state, and local authorities, including those pertaining to air emissions, wastewater discharges, toxic substances, and the handling and disposal of solid and hazardous wastes

Government Regulations

We are subject to various federal, state, and local government regulations in the jurisdictions in which we operate. Products that we import into the U.S. are subject to laws and regulations imposed in conjunction with such importation, including those issued and/or enforced by U.S. Customs and Border Protection. We work closely with our suppliers to ensure compliance with the applicable laws and regulations in these areas.

Our MediPendant® device and our iHelp™ device comply with the limits for a Class B digital device, pursuant to Part 15 of the FCC Rules. These limits are designed to provide reasonable protection against harmful interference in a residential installation. Operation is subject to these conditions: 1. this device may not cause harmful interference, and 2. this device must accept any interference received, including interference that may cause undesired operation. Our products must go through government mandated testing to comply with the aforementioned FCC regulations, and are also CE Certified, a standard of performance.

Backlog

The Company does not work on a backlog. Orders are shipped the same day they are placed.

Seasonality

Our sales are not materially impacted by seasonality and we generally maintain sufficient inventories of our products to respond promptly to customer orders.

Raw Materials

Raw materials used in the manufacturing of the MediPendant®, and now the iHelp™, are subject to pricing fluctuations due to availability on terms and pricing acceptable to the Company. Prices during the past 7 years have increased a total of approximately 20%.

Employees

As of March 31, 2015, we had 15 employees, of whom 7 were full-time, 5 were part-time, and 3 were sub-contractors. Of these employees, 3 work in corporate, 3 work in back-office administration or similar functions, 7 work in sales and 2 work in distribution and manufacturing. Of these employees, there are 2 in management, 5 in telephone sales (inbound), 1 in shipping, 2 in customer service, 1 in collections, 1 in marketing, and 3 in engineering/programming. Some of these employees are new and have been hired due to the anticipated increase in business due to the new product, new programs, and expansion of the company. None of our employees is represented by a labor or trade union and we believe that we have good relations with our employees.

ITEM 1A. Risk Factors

Not applicable.

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ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Our business office is located at 200 West Church Road Suite B, King of Prussia, PA 19406. This office is leased. We believe the facilities we are now using are adequate and suitable for business requirements.

ITEM 3. Legal Proceedings

There are no legal claims currently pending or threatened against us that in the opinion of our management would be likely to have a material adverse effect on our financial position, results of operations or cash flows. We expect that litigation may arise in future periods, the materiality of which cannot be predicted. Regardless of the outcome, litigation can have a material adverse impact on our operations because of defense and settlement costs, diversion of resources and other factors that could affect our ability to operate our business.

ITEM 4. Mine Safety Disclosures

Not applicable.

Part II

ITEM 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchasers of Equity Securities

Market Information

Our common stock has been quoted on the OTC Bulletin Board system under the symbol "MDHI" since January 2, 2009.

The market price of our common stock will be subject to significant fluctuations in response to variations in our quarterly operating results, general trends in the market, and other factors, over which we have little or no control. In addition, broad market fluctuations, as well as general economic, business and political conditions, may adversely affect the market for our common stock, regardless of our actual or projected performance.

The following table sets forth the range of the high and low sales prices per share of our common stock for the fiscal quarters indicated.

Fiscal Year 2013	High	Low
First Quarter	\$2.8	\$1.6
Second Quarter	\$1.68	\$1.12
Third Quarter	\$1.76	\$1.12
Fourth Quarter	\$1.28	\$0.64

Fiscal Year 2014	High	Low
First Quarter	\$1.76	\$1.12
Second Quarter	\$1.28	\$0.64
Third Quarter	\$1.12	\$0.15
Fourth Quarter	\$0.52	\$0.22

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* Price Not available for Period

Holders

As of October 28, 2014, there were approximately 207 shareholders of record of our common shares.

Dividend Policy

Our policy is to reinvest earnings in order to fund future growth. Therefore, we have not paid, and currently do not plan to declare dividends on our common stock. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our Board of Directors will have the discretion to declare and pay dividends in the future.

Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our Board of Directors may deem relevant.

Equity Compensation Plan Information

We do not have any equity compensation plans under which equity securities of the Company are authorized for issuance and we have not granted any stock options.

Description of Securities

Our amended Articles of Incorporation (the "Articles") authorizes the issuance of 20,162,500 shares, consisting of 20,000,000 shares of common stock, \$0.0001 par value per share, 100,000 shares of Series A Convertible Preferred Stock, \$0.0001 par value, and 62,500 shares of Series B Convertible Preferred Stock, \$0.0001 par value.

The Articles provide that the common stock will have identical rights, powers, preferences and privileges. Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of common stock possess all voting power for the election of our directors and all other matters requiring stockholder action. Holders of common stock are entitled to one vote per share on matters to be voted on by stockholders. Holders of common stock will be entitled to receive such dividends, if any, as may be declared from

time to time by our Board of Directors in its discretion out of funds legally available therefor. In no event will any stock dividends or stock splits or combinations of stock be declared or made on common stock unless the shares of common stock at the time outstanding are treated equally and identically. In the event of our voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, the holders of the common stock will be entitled to receive an equal amount per share of all of our assets of whatever kind available for distribution to stockholders, after the rights of the holders of the preferred stock have been satisfied. Our stockholders have no preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to our common stock.

Shares of Preferred Stock may be issued from time to time in one or more series, each of which shall have such distinctive designation or title as shall be determined by our Board of Directors (“Board of Directors”) prior to the issuance of any shares thereof. Preferred Stock shall have such voting powers, full or limited, or no voting powers, and such preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated in such resolution or resolutions providing for the issue of such class or series of Preferred Stock as may be adopted from time to time by the Board of Directors prior to the issuance of any shares thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then outstanding shares of our capital stock entitled to vote generally in the election of the directors, voting together as a single class, without a separate vote of the holders of the Preferred Stock, or any series thereof, unless a vote of any such holders is required pursuant to any Preferred Stock Designation.

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As noted above, two series of Preferred Stock are currently authorized and designated: 100,000 shares of Series A Convertible Preferred Stock, \$0.0001 par value, and 62,500 shares of Series B Convertible Preferred Stock, \$0.0001 par value. The Series A Convertible Preferred Stock has no voting rights, bears no dividends and is convertible at the option of the holder after the date of issuance at a rate of one share of common stock for every preferred share issued however, the preferred shares cannot be converted if conversion would cause the holder to own more than 5% of the issued and outstanding common stock. The Series B Convertible Preferred Stock has no voting rights, bears no dividends and is convertible at the option of the holder after the date of issuance at a rate of one share of common stock for every preferred share issued however, the preferred shares cannot be converted if conversion would cause the holder to own more than 5% of the issued and outstanding common stock.

ITEM 6. Selected Financial Data

Not applicable.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and the notes thereto in Part II, Item 8 to this Annual Report on Form 10-K. This discussion contains forward-looking statements reflecting our current expectations. Actual results and the timing of events may differ significantly from those projected in forward- looking statements due to a number of factors.

Given these uncertainties, readers of this filing and investors are cautioned not to place undue reliance on such forward-looking statements.

Special Note Regarding Smaller Reporting Company Status

We are considered a "smaller reporting company" under applicable regulations of the SEC and are therefore eligible for relief from certain disclosure requirements. In accordance with such provisions, we have elected to provide our audited consolidated statements of operations and comprehensive (loss), cash flows and changes in stockholders' equity for two, rather than three, years. As a result, we provided a discussion of changes in results of operations and cash flows for two, rather than three, years in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview and Recent Events

The Company was organized in mid-2008. The operation was financed with a considerable amount of toxic convertible debt. This type of financing, along with several other issues, prevented the Company from realizing a robust growth rate for its first few years of operation. Since that time, considerable management time has been spent and investor money utilized to turn the Company's operation around. As of the date of this filing, the Company is currently experiencing a robust growth rate, quality relationships with quality customers, and a significantly improved balance sheet.

The Company's flagship product is called the MediPendant®, which is a personal emergency alarm that is used to summon help in the event of an emergency at home. While it is primarily a device for older people, there is also a market for those who are physically disabled, as well as for persons living alone. The MediPendant® device has

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significant feature and function advantages over other personal medical alarms in the marketplace today. Approximately 70% of all medical alarms currently being sold in the United States are first-generation technologies that require the user to speak and listen through a central base station unit. If the user of one of these older generation products is not within speaking or listening distance to the base station, the user may not be heard by the operator in the centralized emergency monitoring center. The MediPendant® enables the wearer to simply speak and listen directly through the pendant in the event of an emergency. The MediPendant® is designed to be worn in the bath or shower and offers a 600-foot range, so that the wearer can operate the unit from virtually anywhere within their home or on their property. The product is extremely durable, very reliable, and offers an extremely long battery life. The MediPendant® has strong intellectual property patent protection. The patent protects a unique feature of the product, which is voice prompts that alert the user of the operational status of the device. This gives the user some peace of mind during an emergency because they know with certainty that their distress signal has been activated and help is being summoned.

During December of 2011, the Company announced that the MediPendant® would be distributed by Costco Wholesale Corporation. Costco is one of the largest retailers in not only the United States, but throughout the world with approximately 75,000,000 customers. The Company's relationship with this retailer has been strong, sales are occurring on a daily basis, and customer satisfaction is high. The Company successfully runs sales programs at Costco including email blasts, Costco coupons, inserts in Costco Magazines, and assorted other promotions. The MediPendant® product will continue to be included in Costco promotions. The MediPendant® has received 28 product reviews on the retailer's website, 21 of which are "5 out of 5 Star" ratings. The average rating is "4.5 Stars" out of 5 Stars.

The Company has a relationship with APS Healthcare Bethesda Inc. Under the terms of the contract, the MediPendant® will be offered to qualified individuals, based on certain criteria, at little or no cost to the individual. The health insurance company is responsible for the monthly monitoring fee as well as the cost of the equipment. These programs are not only an added benefit and security measure for qualifying individuals living alone with medical issues, but also as a cost-saving method for health insurance companies, by helping to avoid unnecessary ambulance and emergency room visits. We expect to expand this program to other health insurance companies throughout the country during 2015.

The Company has also had successes internationally with distribution agreements and relationships in Denmark, Ireland, Canada, and Bermuda. Medical Alarm Concepts is expecting steady growth from its international markets in 2015 and is currently working on an agreement in Dubai that would create a pilot program to supply medical monitoring with the MediPendant in the Arabic language.

The Company also distributes the MediPendant® through Internet marketing via SEO (search engine optimization), online advertising, social media, and relationships with other websites that have synergistic products and customer demographics. We work with several online dealers who promote and sell the MediPendant® on their own websites and through their own online marketing channels.

We also have relationships with outside call centers/monitoring centers whose customer base and marketing efforts are similar to ours. We have a variety of marketing agreements with these call centers to promote the MediPendant® to new and existing customers.

Significant investment is planned to expand sales opportunities relative to the above areas.

The Company expects the balance of calendar yea