MEDICAL ALARM CONCEPTS HOLDINGS INC
Form 10-K
August 15, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2011

.. 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)		**26-1280759** (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)	
Securities registered pursuant to		Securities registered pursuant to

Section 12(b) of the Act:	Section 12(g) of the Act:
	(Title of Each Class)
None	**Common Stock, $0.0001 par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨Yes xNo

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨Yes xNo

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 xNo

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 xNo

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. x Yes ¨No

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 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 x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). oYes xNo

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, 2010, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $2,612,219.

The number of shares of registrant's common stock outstanding as of June 30, 2011 was 373,174,121.

As of August 15, 2013, the registrant had 1,357,450,073 shares of common stock issued and outstanding, respectively.

Annual Report on Form 10-K

For the Fiscal Year Ended June 30, 2011

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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 Company's product is called the MediPendant®, which is a medical alarm, often referred to in the industry as a Personal Emergency Response System (PERS). Such systems are most often purchased by middle-age adults for their aging parents. While it is primarily a device for older people, there is also a market for those who are physically disabled, as well as anyone living alone. The MediPendant® device has significant feature and function advantages over other personal medical alarms in the marketplace today. Approximately 80% 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 operator in the centralized emergency monitoring center might not hear the user.

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 company's business model focuses on both sales of the MediPendant® and on the production of revenue via monthly charges paid by the customer for monitoring services.

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 elderly widows and widowers 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.

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In the 21st century, this trend has gained momentum and become stronger than ever, with more of the elderly 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 heath problems and concerns for their physical well being. Experts and even common sense agree that in order to help facilitate independence and safety, more help is needed to provide aging people and the medically at risk living alone, 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 elderly 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 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 was estimated to grow at double digit rates, from approximately $350 million in 2004 to $2 billion in 2012.

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 anytime, anywhere 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. 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.

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.

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 elderly 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 elderly persons or other unforeseen medical emergencies, medical alarms mitigate the potential harm 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 elderly 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 was estimated to grow at double digit rates, from approximately $350 million in 2004 to $2 billion in 2012.

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 who 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 after the year 2010.

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. almost 20 years ago, served 250,000 users in the United States and Canada around the time frame of 1992. Today, Philips Medical Systems' recent 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) online marketing, 2) retail distribution, 3) wholesale distribution and 4) international markets.

Online Marketing - the Company markets the MediPendant® through its website at www.MediPendant.com. Due to the complex sales process for medical alarms, which often require several phone calls among the end user customer’s family members before a decision is reached, the MediPendant® website is mainly for informational purposes with the actual sale typically taking place over the phone with one of our customer service representatives. The company uses a variety of techniques, such as Internet paid ad campaigns and social media, in order to drive web traffic to the website.

Retail Distribution - During December of 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. The company is currently in discussions with several other retail organizations for distribution of the MediPendant® product.

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 these strategic partners is good. The company is currently in discussions with several other wholesale distributors looking to sell the MediPendant® through their own independent channels.

International Markets – The Company also distributes its products in a wholesale manner to selected international markets. To date, the company has signed marketing relationships with partners in Denmark and Ireland, and is in the process of researching various avenues to distribute product in the People's Republic of China

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.

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.

ITEM 1A. Risk Factors

We operate in a market environment that is difficult to predict and involves significant risks and uncertainties, many of which are beyond our control. The following risk factors and other information included in this annual report should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition, operating results, and cash flows could be materially adversely affected.

(1) Risks Related to Our Business

The report of the independent registered public accounting firm on our 2011 and 2010 financial statements contains a going concern qualification.

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The report of the independent registered public accounting firm covering our financial statements for the years ended June 30, 2011 and 2010 stated that certain factors, including that we have a working capital and shareholder deficit, raise substantial doubt as to our ability to continue as a going concern. Because our revenue production history is limited, we are dependent upon raising capital to continue our business. If we are unable to raise capital, we may not be able to continue as a going concern.

Weakness in the economy has adversely affected and may continue to adversely affect our customers, which has resulted and may continue to result in decreased usage and advertising levels, customer acquisitions and customer retention rates and, in turn, could lead to a decrease in our revenues or rate of revenue growth.

Certain segments of our customers have been and may continue to be adversely affected by the current weakness in the general economy. To the extent these customers have been adversely affected by the economic downturn and their usage of our services and/or our customer retention rates could fluctuate. This may result in decreased recurring revenues, which may adversely impact our revenues and profitability.

Our level of indebtedness could adversely affect our financial flexibility and our competitive position.

Our total indebtedness as of June 30, 2011 was $3,403,524. Our level of indebtedness could have significant effects on our business. For example, it could:

- Make it more difficult for us to satisfy our obligations with respect to current notes outstanding and any other indebtedness we may occur in the future;
- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;
- require us to dedicate a substantial portion of our cash flow to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital;
- limit our flexibility in planning for, or reacting to, changes in our business and industry in which we compete;
- restrict us from exploiting good business opportunities;
- make it more difficult to satisfy our financial obligations;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

To service our debt and fund our other capital requirements, including the acquisition of inventory, we will require a significant amount of cash, and our ability to generate cash will depend on many factors beyond our control.

Our ability to meet our debt service obligations and to fund working capital, capital expenditures, acquisitions and other elements of our business strategy and other general corporate purposes, will depend upon our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control. To some extent, this is subject to general and regional economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot ensure that we will generate cash flow from operations, or that future borrowings will be available, in an amount sufficient to enable us to pay our debt, or to fund our other liquidity needs.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional indebtedness or equity capital or restructure or refinance our indebtedness. We may not be able to affect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our obligations.

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Our inability to generate sufficient cash flows to satisfy our obligations, or to refinance our indebtedness on commercially reasonable terms, or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our debt obligations.

Our growth will depend on our ability to develop our brand, market our current MediPendant® product brands, and launch new products in the future, and these efforts may be costly.

We believe that continuing to strengthen our current brand and effectively launch a new version of the MediPendant® will be critical to achieving widespread acceptance of our services, and will require continued focus on active marketing efforts. The demand for and cost of online and traditional advertising have been increasing and may continue to increase. Accordingly, we may need to spend increasing amounts of money on, and devote greater resources to, advertising, marketing and other efforts to create and maintain loyalty among users. Product promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses incurred in building our brands. If we fail to promote and maintain our brands, or if we incur substantial expense in an unsuccessful attempt to promote and maintain our brands, our business could be harmed.

If the security of our customers' confidential information is breached or otherwise subjected to unauthorized access, our reputation may be harmed, we may be exposed to liability and we may lose the ability to offer our customers a credit card payment option.

We have agreements with third-parties related to certain functions of our business operation. These third-parties must protect our customers' confidential information including credit card information where applicable. Any accidental or willful security breaches or other unauthorized access could expose us to liability for the loss of such information, time-consuming and expensive litigation and other possible liabilities as well as negative publicity. If security measures are breached because of third-party employee error or malfeasance, or if design flaws in its software are exposed and exploited, and, as a result, a hacker obtains unauthorized access to any of our customers' data, our relationships with our customers will be severely damaged, and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, our third-party support company may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, nearly every state has enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach often lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation, and we could lose customers.

We rely heavily on the revenue generated for monitoring services and this dependence is expected to continue.

A substantial portion of our revenues are generated via monthly monitoring services. This segment's success is therefore dependent on our ability to maintain a robust group of customers willing to pay for such services and is further dependent on our ability to procure contract monitoring center services at a price that will allow us to produce positive gross margins. If the demand for monitoring services decreases, and we are unable to replace lost revenues from decreasing usage or cancellation of monitoring services, our results and cash flow could be materially and adversely affected.

A system failure or security breach could delay or interrupt service to our customers or harm our reputation or subject us to significant liability.

Our operations are dependent on third-party monitoring centers being free from interruption by damage from fire, earthquake, power loss, telecommunications failure, unauthorized entry, computer viruses, cyber attacks or other events beyond our control. There can be no assurance that our existing and planned precautions will be adequate to prevent significant damage, system failure or loss of customers. Despite the implementation of security measures by our 3rd party vendors, our infrastructure may be vulnerable to system failures, computer viruses, cyber attacks, or other issues beyond our control. Currently a significant number of our customers authorize us to build their credit or debit cards directly for the purchase of MediPendant® and monthly monitoring services. Any system failure or security breaches that causes interruption to our ability to utilize credit or debit card systems, could adversely affect our results and our financial condition. Any of these events could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

Our services are dependent on a small number of monitoring centers and our inability to maintain agreements at attractive rates with such monitoring centers may negatively impact our business.

Our services substantially depend on the capacity, affordability, reliability and security of the monitoring centers in which we contract for services. There are a limited number of such monitoring centers. Any or all of our current monitoring centers could discontinue providing us with services at rates acceptable to us, or at all, and we may not be able to obtain adequate replacement, which would materially and adversely affect our business, prospects, financial condition, operating results and cash flows.

The successful operation of our business depends on the supply of critical elements and marketing relationships from other companies.

We depend on 3rd parties for several critical elements of our business including equipment procurement, infrastructure, customer service, and selected marketing components. We rely on 3rd party providers for our Internet and other connections. Any disruption in the services provided by any of these suppliers, or any failure by them to handle current or higher volumes of activity could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows. To obtain customers, we rely on operators of leading search engines and websites. Failure to continue these relationships on terms that are acceptable to us or to continue to create additional relationships could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

Inadequate intellectual property protections could prevent us from enforcing or defending our proprietary technology and could be costly.

Our success depends in part upon our proprietary technology. We rely on a combination of patents, trademarks, trade secrets, and copyrights to protect our proprietary technology. However, these measures provide only limited protection, and we may not be able to detect unauthorized use or take appropriate steps to enforce our intellectual property rights. We have licensed patents and there can be no assurance that any of these patents will not be challenged, invalidated or circumvented, or that any rights granted under these patents will in fact provide competitive advantages to us.

In addition, effective protection of patents, copyrights, trademarks, trade secrets and other intellectual property may be unavailable or limited in some foreign countries. As a result, we may not be able to effectively prevent competitors in these regions from infringing our intellectual property rights, which could reduce our competitive advantage and ability to compete in those regions and negatively impact our business.

Companies in our segments have experienced litigation regarding intellectual property. Litigation to enforce or defend our intellectual property rights may be expensive and time-consuming, could divert management resources and may not be adequate to protect our business. We may be found to have infringed the intellectual property rights of others, which could expose us to substantial damages or restrict our operations.

We may be subject to claims and legal proceedings that we have infringed the intellectual property rights of others. The ready availability of damages and royalties and the potential for injunctive relief has increased the costs associated with litigation and settlement of patent infringement claims. In addition, we may be required to indemnify our resellers and users for similar claims made against them. Any claims against us, whether or not meritorious, could require us to spend significant time and money in litigation, pay damages, develop new intellectual property or acquire licenses to intellectual property that is the subject of the infringement claims. These licenses, if required, may not be available at all or have acceptable terms. As a result, intellectual property claims against us could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

We may be engaged in legal proceedings that could cause us to incur unforeseen expenses and could occupy a significant amount of our management's time and attention.

From time to time we may be subject to litigation or claims, including in the areas of patent infringement that could negatively affect our business operations and financial condition. Such disputes could cause us to incur unforeseen expenses, occupy a significant amount of our management's time and attention and negatively affect our business operations and financial condition.

The markets in which we operate are highly competitive and our competitors may have greater resources to commit to growth, superior technologies, cheaper pricing or more effective marketing strategies.

For information regarding our competition, see the section entitled Competition contained in this Annual Report on Form 10-K. In addition, some of our competitors include major companies with much greater resources and significantly larger subscriber bases than we have. Some of these competitors may offer their services at lower prices than we do. These companies may be able to develop and expand their network infrastructures and capabilities more quickly, adapt more swiftly to new or emerging technologies and changes in customer requirements, take advantage of acquisition and other opportunities more readily and devote greater resources to the marketing and sale of their products and services than we can. There can be no assurance that additional competitors will not enter markets that we are currently serving and plan to serve or that we will be able to compete effectively. Competitive pressures may reduce our revenue, operating profits or both. If our competitors are more successful than we are in developing and deploying compelling products or in attracting and retaining users, our revenue and growth rates could decline.

If we cannot manage our growth effectively and expand our technology, we may not become profitable.

Businesses which grow rapidly often have difficulty managing their growth. If Medical Alarm Concepts is successful, we may incur rapid and substantial growth. Because of this rapid growth, we will need to expand our technology, add management by recruiting and employing experienced executives and key employees capable of providing the necessary support. We cannot assure you that our management will be able to manage our growth effectively or successfully and expand our technology and capacity as needed. Our failure to meet these challenges could cause us to lose money.

Our business is highly dependent on our billing systems.

A significant part of our revenues depends on prompt and accurate billing processes. Customer billing is a highly complex process, and our billing systems must efficiently interface with third-party systems, such as those of credit card processing companies. Our ability to accurately and efficiently bill our customers is dependent on the successful operation of our billing systems and the third-party systems upon which we rely, such as our credit card processor, and our ability to provide these third parties the information required to process transactions. Any failures or errors in our billing systems or procedures could impair our ability to properly bill our current customers or attract and service new customers, and thereby could materially and adversely affect our business and financial results.

Future acquisitions could result in dilution, operating difficulties and other harmful consequences, and may require us to incur additional indebtedness.

We may acquire or invest in additional businesses, products, services and technologies that complement or augment our service offerings and customer base. We cannot assure that we will successfully identify suitable acquisition candidates, integrate or manage disparate technologies, lines of business, personnel and corporate cultures, realize our business strategy or the expected return on our investment, or manage a geographically dispersed company. Acquisitions could divert attention from management and from other business concerns and could expose us to unforeseen liabilities or unfavorable accounting treatment. In addition, we may lose key employees while integrating any new companies, and we may have difficulties entering new markets where we have no or limited prior experience.

We may pay for some acquisitions by issuing additional common stock, which would dilute current stockholders, or incur debt, which may cause us to incur additional interest expense, leverage and debt service requirements. We may also use cash to make acquisitions, which may limit our availability of cash for other uses, such as interest payments, stock repurchases or dividends. We will be required to review goodwill and other intangible assets for impairment in connection with past and future acquisitions, which may materially increase operating expenses if an impairment issue is identified.

Our success depends on our retention of our executive officers, senior management and our ability to hire and retain key personnel.

Our success depends on the skills, experience and performance of executive officers, senior management and other key personnel. The loss of the services of one or more of our executive officers, senior managers or other key employees could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows. Our future success also depends on our continuing ability to attract, integrate and retain highly qualified technical, sales and managerial personnel. Competition for these people is intense, and there can be no assurance that we can retain our key employees or that we can attract, assimilate or retain other highly qualified technical, sales and managerial personnel in the future.

We are exposed to risk if we cannot maintain or adhere to our internal controls and procedures.

We have established and continue to maintain, assess and update our internal controls and procedures regarding our business operations and financial reporting. Our internal controls and procedures are designed to provide reasonable assurances regarding our business operations and financial reporting. However, because of the inherent limitations in this process, internal controls and procedures may not prevent or detect all errors as or misstatements. To the extent our internal controls are inadequate or not adhered to by our employees, our business, financial condition and operating results could be materially adversely affected.

If we are not able to maintain internal controls and procedures in a timely manner, or without adequate compliance, we may be unable to accurately report our financial results or prevent fraud and may be subject to sanctions or investigations by regulatory authorities such as the SEC. Any such action or restatement of prior-period financial results could harm our business or investors' confidence in the company, and could cause our stock price to fall.

We may be subject to legal liability associated with providing monitoring services.

We host and provide a variety of services and technology products in support of our MediPendant® product. As a result, we may be subject to certain associated liabilities. Defense of any such actions could be costly and involve significant time and attention of our management and other resources, may result in monetary liabilities or penalties, and may require us to change our business in an adverse manner.

(2) Risks Related to our Industry

The industry in which we operate is undergoing rapid technological changes and we may not be able to keep up.

The industry in which we operate is subject to rapid and significant technological change. We cannot predict the effect of technological changes on our business. We expect that new services and technologies will emerge in the markets in which we compete. These new services and technologies may be superior to the services and technologies that we use or these new services may render our services and technologies obsolete. Our future success will depend, in part, on our ability to anticipate and adapt to technological changes and evolving industry standards. We may be unable to obtain access to new technologies on acceptable terms or at all, and may therefore be unable to offer services in a competitive manner. Any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

We are subject to a variety of new and existing laws and regulations, which could subject us to claims, judgments, monetary liabilities and other remedies, and to limitations on our business practices.

The application of existing domestic and international laws and regulations to us relating to issues such as user privacy and data protection, security, defamation, pricing, advertising, taxation, promotions, billing, consumer protection, accessibility, and intellectual property ownership and infringement in many instances is unclear or unsettled. In addition, we will also be subject to any new laws and regulations directly applicable to our domestic and international activities. Internationally, we may also be subject to laws regulating our activities in foreign countries and to foreign laws and regulations that are inconsistent from country to country. We may incur substantial liabilities for expenses necessary to defend such litigation or to comply with these laws and regulations, as well as potential substantial penalties for any failure to comply. Compliance with these laws and regulations may also cause us to change or limit our business practices in a manner adverse to our business.

(3) Risk Related to Our Common Stock

Our stock price may be volatile or may decline.

Our stock price and trading volumes have been volatile and we expect that this volatility will continue in the future due to factors, such as:

- Assessments of the size of our subscriber base and our average revenue per subscriber, and comparisons of our results areas versus prior performance and that of our competitors;
- Variations between our actual results and investor expectations;
- Regulatory or competitive developments affecting our markets;
- Investor perceptions of us and comparable public companies;
- Conditions and trends in the communications, messaging and Internet-related industries;
- Announcements of technological innovations and acquisitions;
- Introduction of new services by us or our competitors;
- Developments with respect to intellectual property rights;
- Conditions and trends in the Internet and other technology industries;

•Rumors, gossip or speculation published on public chat or bulletin boards;

•General market conditions; and

•Geopolitical events such as war, threat of war or terrorist actions.

In addition, the stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stocks of technology and other companies, particularly communications and Internet companies. These broad market fluctuations have previously resulted in a material decline in the market price of our common stock. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management's attention and resources, which could have a material adverse effect on our business, prospects, financial condition, operating results and cash flows.

Future sales of our common stock may negatively affect our stock price.

Sales of a substantial number of shares of common stock in the public market or the perception of such sales could cause the market price of our common stock to decline. These sales also might make it more difficult for us to sell equity securities in the future at a price that we think is appropriate, or at all.

Anti-takeover provisions could negatively impact our stockholders.

Provisions of Nevada law and of our certificate of incorporation and bylaws could make it more difficult for a third-party to acquire control of us. These provisions could make it more difficult for a third-party to acquire us even if an acquisition might be in the best interest of our stockholders.

Because the market for our common stock is limited, persons who purchase our common stock may not be able to resell their shares at or above the purchase price paid by them.

Our common stock trades on the OTC Markets, which is not a liquid market. There is currently only a limited public market for our common stock. We cannot assure you that an active public market for our common stock will develop or be sustained in the future. If an active market for our common stock does not develop or is not sustained, the price may continue to decline.

Because we are subject to the "penny stock" rules, brokers cannot generally solicit the purchase of our common stock which adversely affects its liquidity and market price.

The SEC has adopted regulations which generally define "penny stock" to be an equity security that has a mark willet price of less than $5.00 per share, subject to specific exemptions. The market price of our common stock on the Bulletin Board has been substantially less than $5.00 per share and therefore we are currently considered a "penny stock" according to SEC rules. This designation requires any broker-dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules limit the ability of broker-dealers to solicit purchases of our common stock and therefore reduce the liquidity of the public market for our shares.

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

(a) 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.

(b) On or about November 24, 2009, LogicMark LLC, a Virginia corporation ("LogicMark"), filed a lawsuit in U.S. Federal Court for the Eastern District of Virginia against the Company, Medical Alarm Concepts LLC, and Mr. Nevin Jenkins, an individual residing in Florida. The complaint essentially alleges that (a) the Company's MediPendant® product infringes on several claims of a patent which LogicMark recently purchased from a bankrupt British company; (b) Mr. Jenkins, the inventor of the patents which the Company has acquired failed to include certain inventorship information in his patent application with the U.S. Patent and Trademark Office; and (c) the Company misrepresented in its advertising and marketing of the MediPendant® product that the Company was the first company to market a monitored Personal Emergency Response System product. The Company has denied the claims asserted in the lawsuit and filed its own infringement claims against LogicMark. The Company will vigorously defend against the LogicMark claims and believes the lawsuit will be successfully resolved. The lawsuit has had no adverse impact on the Company's business operations as it continues to manufacture and market its product and is distributing the MediPendant® to dealers and customers.

On April 16, 2010, the Company and LogicMark reached a settlement agreement resolving the litigation. As a result of the settlement, all outstanding causes of action between the parties have been dismissed, without acknowledgement of liability by either party, and the parties retain their rights in their respective intellectual property. The parties agreed to file a joint motion to dismiss with prejudice and both parties covenant not to bring any further suits against the parties for a period of twenty-four (24) months following the settlement. The terms of the settlement agreement are confidential.

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. See Item 1A – "Risk Factors."

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 2011	High	Low
First Quarter	$0.022	$0.0083
Second Quarter	$0.015	$0.0067
Third Quarter	$0.012	$0.0036
Fourth Quarter	$0.0055	$0.0011

Fiscal Year 2010	High	Low
First Quarter	$*	$*
Second Quarter	$2.5	$1.05
Third Quarter	$0.055	$0.0185
Fourth Quarter	$0.02	$0.001

* Price Not available for Period

Holders

As of June 28, 2013, there were approximately 1,690 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.

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, including those set forth in Item 1A "Risk Factors" of this Annual Report on Form 10-K.

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

Overview and Recent Events

Medical Alarm Concepts Holding, Inc. 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, Medical Alarm Concepts is currently experiencing a robust growth rate, quality relationships with quality customers, a significantly improved balance sheet, and most importantly, the Company has now reached operational positive cash flow status.

The Company's product is called the MediPendant®, which is a personal emergency alarm that is mainly purchased by adults for their aging parents. 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 80% 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. Both the engineering design and quality control of the device have been outstanding. The product is extremely durable, very reliable and offers an extremely long battery life. Product manufacturing defects are almost nonexistent.

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 and that help is being summoned upon alarm activation.

During December of 2011, the Company announced 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 60,000,000 customers. The Company's relationship with this retailer has been very strong and sales are occurring on a daily basis, customer return rates are low and customer satisfaction is high. This relationship with Costco is advantageous not only because of the retailer’s distribution reach, but also due to positive cash flow upon initial sale that is realized; a situation that is rarely achieved in the medical alarm space. Sales and shipments occur on a consistent basis. Early in the March 2013 quarter, the Company successfully completed a retail promotion with this large discount warehouse chain partner. An additional program began late in the March 2013 quarter and ran through April 21, 2013. During June of 2013, the MediPendant® product was featured in the retailer’s pharmacy-oriented sales magazine, which is being distributed in the pharmacy section in all store locations. The MediPendant® has now received 21 product reviews on the retailer's website, 17 of which are "5 out of 5 Star" ratings. The average rating is "4.5 Stars" out of 5 Stars.

The Company has also had successes internationally with new distribution agreements in Denmark and Ireland. Additionally, the Company is currently working on a distribution/joint venture with JTT-EMS, which is a company located just outside of Beijing, China. Medical Alarm Concepts is expecting steady growth from its international markets during 2013 and believes there are likely several other international contracts that will be consummated during the calendar year. The Company also distributes the MediPendant® through Internet marketing and through various outside call centers. Significant investment is planned to expand sales opportunities relative to these areas.

Medical Alarm Concepts has recently signed a supply and services contract with Coventry Health Care, Inc., which was recently acquired by Aetna Insurance (NYSE:ATA) a diversified and national company, which operates health plans, insurance companies, network rental and workers’ compensation services companies. Under the terms of the agreement, the Company will become the provider of personal medical alarms for Coventry Health Care and its Medicare/Medicaid programs. As part of this new contract, Coventry Health Care, Inc. will offer the Company’s MediPendant® product and monthly monitoring services directly to subscribers of selected healthcare programs provided by Coventry. Additionally, the Company’s MediPendant® product has been included in several large Medicare and Medicaid related contracts on which Coventry Health Care, Inc. is bidding. The Company is expecting this contract to generate significant growth in revenue and earnings. As a result of gaining the contract, the Company plans to significantly expand its business operations in the areas of financial management, research and development, and logistics.

The Company recently received an investment led by strategic partner, JTT-EMS LTD of Shijiazhuang, China. Under the terms of the investment, JTT-EMS LTD purchased Common Stock in a private placement transaction and has indicated to the Company that it plans to hold these shares as a long-term investment. The financing, including additional investments by current shareholders, will total up to approximately $330,000. There are no warrants or options associated with this investment. As more fully noted below, funds received will primarily be used to rebuild inventory levels to meet the growing demand and to pay professional fees associated with returning the Company to fully reporting status.

Management has been very successful in negotiating with debt holders for the cancellation of very significant portions of our debt. Since the beginning of 2012, approximately $56,251 of convertible debt has been cancelled. Recently, the holder of our short-term credit line cancelled $236,397 of the outstanding balance. Additionally, since beginning of 2012, approximately 200,000,000 toxic and highly dilutive warrants were also cancelled. No shares, warrants or options were granted in exchange for these cancellations.

Because trade payables have been paid down very substantially over the past few quarters, we are expecting our balance sheet to be very strong, nearly long-term debt free and with very manageable trade payable levels.

We believe upcoming balance sheets, on which we expect to be free of nearly all long-term debt and free of warrants, options and minimal outstanding preferred stock, will more accurately reflect the true value of our growing company.

The Company expects calendar year 2013 to be one of continued growth in both monthly recurring revenues and distribution sales, which will allow the Company to realize sustainable positive operating cash flow. We believe the growth rate and the positive operating cash flow we are currently realizing is sustainable into 2014 and beyond.

Results of Operations

Net Sales

Net sales generated during the years ended June 30, 2011 and 2010 was $452,816 and $613,357, respectively; representing a 26% or $160,541 decrease, resulting from a change in strategic business direction toward more spread more widespread product distribution and away from reliance on only a few resellers and distributors. This Company believes this change in business direction will lead to stronger growth and margins and higher overall sales during future periods. During fiscal 2011 and 2010, net sales were generated from sales to distributors, resellers and from direct sales to consumers who pay the Company for monthly monitoring services.

Cost of Sales

Cost of sales incurred during years ended June 30, 2011 and 2010 were $168,642 and $266,501, respectively, representing a 37% or $97,859 decrease. The decrease of cost of sales was mainly due to decrease of net sales, as the Company changed its strategic business direction more toward sales to consumers who pay monthly monitoring services.

Gross Profit

Gross profit generated during fiscal 2011 and 2010 was $284,174 and $346,856, representing an 18% or $62,682 decrease. The gross profit margin for 2011 and 2010 was 63% and 57%, respectively.

Selling Expenses

Selling expenses incurred during fiscal 2011 and 2010 was $318,413 and $711,569, respectively. The $393,156 was a 55% decrease compared to the previous period. During fiscal 2011, the Company began to shift its sales emphasis more toward consumer marketing, which contributed to the reduction in sales expenses.

General and Administrative

General and administrative expenses for fiscal 2011 and 2010 were $1,322,798 and $2,399,102 respectively; representing 45% or $1,076,304 decrease in general and administrative expense mainly due to the decrease of salary. During fiscal 2011, the Company was able to reduce its staffing due an increased focus on consumer marketing and a decreased emphasis on channel marketing.

Derivative Instrument

Changes in fair value of derivative instrument generated $1,996,861 income and $1,206,196 expenses during fiscal 2011 and 2010, respectively. This was due to a lower value of the derivative liability due to a decrease in the market value of the Company’s common stock.

Interest Expense

Interest expense for fiscal 2011 and 2010 were $1,047,360 and $692,368, respectively. The $354,992 or 51% increase in interest expense was mainly due to increased amount of amortization of discount of convertible notes and interest expense recorded on the excess of derivative liability over the amount of the convertible debt.

Net Loss

Net loss incurred during fiscal 2011 and 2010 were $407,536 and $4,662,379, respectively for the reasons stated above.