

MEDICAL ALARM CONCEPTS HOLDINGS INC  
Form 10-K/A  
March 21, 2014

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington , D.C. 20549**

**FORM 10-K**

Amendment No. 1

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended June 30, 2012

..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.)  
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  
Section 12(b) of the Act:

Securities registered pursuant to  
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 ☒ No

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 ☒ 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 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. ☒ 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 ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o  
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, 2011, the last business day of the registrant’s most recently completed second fiscal quarter, was approximately \$5,507,651.

The number of shares of registrant's common stock outstanding as of June 30, 2012 was 573,682,405.

As of December 9, 2013, the registrant had 1,364,719,304 shares of common stock issued and outstanding, respectively.

**Annual Report on Form 10-K**

For the Fiscal Year Ended June 30, 2012

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## EXPLANATORY NOTES

The management of Medical Alarm Concepts Holdings, Inc. (the “Company”) has concluded that we should restate our financial statements as of and for the year ended June 30, 2012. The conclusion was reached by management because they determined that fair market value of convertible notes and warrants were improperly valued as of June 30, 2012.

The restatement has resulted in the changes to the financial statements disclosed in Note 16 to Consolidated Financial Statements, addition of Note 16 (Restatement) and a modification to Note 8 (Convertible Notes Payable), Note 11 (Warrants) and Note 12 (Derivative Warrant Liabilities and Fair Value) as well as appropriate changes to Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In addition, as a result of discovering the need to restate, we have modified the disclosure in Item 9A, “Controls and Procedures.”

Except as discussed above, we have not modified or updated disclosures presented in the original annual report on Form 10-K. Accordingly, this Form 10-K/A 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 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 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.

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 health 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.

Mobile Medical Alerts have recently been introduced to the market. Designed for the younger and more active person with medical issues, there are inherent problems with them: They need to be charged on a daily basis, they can not get wet, and the location based system they use to find the user is not very precise.

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. 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.

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) 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](http://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 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 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 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.

Mobile Medical Alerts have recently been introduced to the market. They are designed for the younger and more active person with medical issues. However, they need to be charged on a daily basis, they can not get wet, and the location based system they use to find the user is not very precise.

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**

Not applicable.

**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.

**ITEM 4. Mine Safety Disclosures**

Not applicable.

## Part II

### ITEM 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases 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 2012 | High     | Low      |
|------------------|----------|----------|
| First Quarter    | \$0.0174 | \$0.0032 |
| Second Quarter   | \$0.0088 | \$0.0021 |
| Third Quarter    | \$0.0059 | \$0.0024 |
| Fourth Quarter   | \$0.0047 | \$0.0021 |

| 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 |

\* Price Not available for Period

#### Holders

As of November 15, 2013, there were approximately 1,613 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 very advantageous because of the retailer's distribution reach. 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. A retail promotion was just completed and ran from October 14, 2013 through November 3, 2013. The MediPendant® has now received 25 product reviews on the retailer's website, 18 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 extending into 2014, and believes there are likely several other international contracts that will be consummated during that time. 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 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 growth in revenue and earnings. As a result of gaining the contract, the Company plans to 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, \$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 years 2013 and 2014 to show 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, 2012 and 2011 was \$532,863 and \$452,816, respectively; representing a 17.7% or \$80,047 increase, resulting from a change in strategic business direction toward 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 2012 and 2011, 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 Revenue**

Cost of revenue incurred during years ended June 30, 2012 and 2011 were \$423,752 and \$168,642, respectively, representing a 151% or \$255,110 increase. The increase of cost of sales was mainly due to that the Company changed its strategic business direction more toward sales to consumers who pay monthly monitoring services. On March 14, 2012, the Company entered into a “Distribution Agreement and Exercise Of Distribution Opinion” with Barbary Coast Advisor, LLC (“BCA”), pursuant to which, the Company acts as a stocking distributor in certain areas. The business was failed. Entire inventory of \$70,000 was written off.

### **Gross Profit**

Gross profit generated during fiscal 2012 and 2011 was \$109,111 and \$284,174, representing an 61.6% or \$175,063 decrease. The gross profit margin for 2012 and 2011 was 20% and 63%, respectively.

### **Selling Expenses**

Selling expenses incurred during fiscal 2012 and 2011 was \$60,211 and \$318,413, respectively. The \$258,202 was a 81% decrease compared to the previous period. During fiscal 2012, 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 2012 and 2011 were \$663,589 and \$1,322,798, respectively; representing 50% or \$659,209 decrease in general and administrative expense mainly due to the decrease of consulting and professional fees.

## **Derivative Instrument**

Changes in fair value of derivative instrument generated \$1,996,861 income and \$9,045,560 expenses during fiscal 2011 and 2012, respectively. This was due to a higher value of the derivative liability due to an increase in the market value of the Company's common stock and the change of conversion price of convertible notes and the exercise price of warrants.

## **Interest Expense**

Interest expense for fiscal 2012 and 2011 were \$965,872 and \$1,047,360, respectively. The \$81,488 or 8% decrease in interest expense was mainly due to decreased amount of interest expense recorded on the excess of derivative liability over the amount of the convertible debt, which was recorded as interest expense at the inception of the note.

## **Bad Debt Expense**

The Company recorded bad debt expense of \$80,000 in the year ended June 30, 2012 related to termination agreement with First Fitness International Inc.

## **Gain on Sale of Subscriber Accounts**

Due to shortage of cash, the company sold certain subscribers accounts during the year ended June 30, 2012 and recorded \$73,263 as gain on sale of subscriber accounts.

## **Net Loss**

Net loss incurred during fiscal 2012 and 2011 were \$10,632,858 and \$407,536, respectively for the reasons stated above.

### **Liquidity and Capital Resources**

As of June 30, 2012 and 2011, we had \$20,577 and \$22 in cash, respectively.

During fiscal 2012 and 2011, operating activities used net cash of \$691,247 and \$278,456, respectively. Main reasons for the \$412,791 or 148% increase in net cash used in operating activities were outlined below:

1. Net loss incurred during fiscal 2012 increased \$10,225,322, comparing with fiscal 2011;
2. Stock compensation expense was \$98,333 in 2012, comparing with \$488,300 in 2011;
3. Changes in fair value of derivative instrument during 2011 generated non-cash income of \$1,966,861; however, during 2012, such changes incurred non-cash expense of \$9,045,560;
4. Non-cash interest expense during 2012 and 2011 was \$786,373 and \$897,359, respectively;
5. Amortization of patent during 2012 and 2011 was \$78,503 and \$332,126, respectively.

During fiscal 2012 and 2011, financing activities generated net cash inflow of \$711,802 and \$278,478, respectively. The increase of \$433,324 or 156% was mainly due to a credit line of \$629,594 the Company obtained from a shareholder in 2012.

We believe we can satisfy our cash requirements for the next twelve months with our current cash flow from business operations, although there can be no assurance to that effect. If we are unable to satisfy our cash requirements, we may be unable to proceed with our plan of operation. We do not anticipate the purchase or sale of any significant equipment. We also do not expect any significant additions to the number of employees. The foregoing represents our best estimate of our cash needs based on current planning and business conditions. In the event we are not successful in reaching our initial revenue targets, additional funds may be required, and we may not be able to proceed with our business plan for the development and marketing of our core services. Should this occur, we may be forced to suspend or cease operations.

We anticipate incurring operating losses in the foreseeable future. Therefore, our auditors have raised substantial doubt about our ability to continue as a going concern.

### **Off-Balance Sheet Arrangements**

At June 30, 2012, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise had we engaged in such relationships.

### **Recent Accounting Pronouncements**

See Note 2 to the Consolidated Financial Statements under Item 8, Part II.

### **ITEM 8. Financial Statements and Supplementary Data**

The full text of our audited consolidated financial statements as of June 30, 2012 and 2011 begins on page F-1 of this annual report.

### **ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Effective April 8, 2013, Medical Alarm Concepts Holding, Inc. (the “Company”) dismissed Li and Company, PC as the Company's independent registered public accounting firm. The decision to change accountants was approved by the Company's Board of Directors on April 8, 2013.

Li and Company, PC has been the Company's independent registered public accounting firm since July 8, 2008. The report of Li and Company, PC on the Company's financial statements for the fiscal year ended June 30, 2010 was modified to include an explanatory paragraph expressing concern about the Company's ability to continue as a going concern, but did not contain any adverse opinion or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles.

In connection with the audit of the Company's financial statements for the fiscal year ended June 30, 2010 and through the date of this Current Report, there were: (i) no disagreements between the Company and Li and Company on any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Li and Company, PC would have caused it to make reference to the subject matter of the disagreement in their reports on the Company's financial statements for such years, and (ii) no reportable events within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

Effective April 8, 2013, the Company engaged Paritz & Company, P.A. as its new independent registered public accounting firm. The decision to engage Paritz & Company, P.A. was approved by the Board of Directors on April 8, 2013.

## **ITEM 9A. Controls and Procedures**

### **Disclosure Controls and Procedures**

Ronnie Adams, our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of our fiscal year ended June 30, 2012 pursuant to Rules 13a-15(b) or 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, as appropriate, to allow timely decisions regarding required disclosure. Based on their evaluation, Mr. Adams concluded that our disclosure controls and procedures were ineffective as of June 30, 2012 to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

In order to rectify our ineffective disclosure controls and procedures, we are developing a plan to ensure that all information will be recorded, processed, summarized and reported accurately, and as of the date of this report, we have taken the following steps to address our ineffective disclosure controls and procedures:

- We will continue to educate our management personnel to comply with the disclosure requirements of the Exchange Act and Regulation S-K; and
- We will increase management oversight of accounting and reporting functions in the future.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions

**Management's Annual Report on Internal Control Over Financial Reporting.**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control system over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Under the supervision and with the participation of management, including the Company's Chief Executive Officer/Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included an assessment of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on this evaluation, our Chief Executive Officer/Chief Financial Officer concluded as of June 30, 2012 that our internal controls over financial reporting were ineffective due to the material weakness identified.

A material weakness in internal controls is a deficiency in internal control, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a material misstatement of the Company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. In the course of making our assessment of the effectiveness of internal controls over financial reporting, we identified the following material weakness in our internal control over financial reporting:

1 The Company is lacking qualified resources to perform the internal audit functions properly. In addition, the scope and effectiveness of the Company's internal audit function are yet to be developed.

1 We currently do not have an audit committee

1 The Company is relatively inexperienced with certain complexities within US GAAP and SEC reporting causing the improper valuation of the fair market value of convertible notes and warrants as of June 30, 2012.

#### *Remediation Initiative*

1 We are committed to establishing the disclosure controls and procedures but due to limited qualified resources in the region, we were not able to hire sufficient internal audit resources by June 30, 2012. However, internally we established a central management center to recruit more senior qualified people in order to improve our internal control procedures. Externally, we are looking forward to engaging an accounting firm to assist the Company in improving the Company's internal control system based on the COSO Framework. We also will increase our efforts to hire the qualified resources.

1 We intend to establish an audit committee of the board of directors as soon as practicable. We envision that the audit committee will be primarily responsible for reviewing the services performed by our independent auditors, evaluating our accounting policies and our system of internal controls.

*Conclusion*

The Company did not have sufficient and skilled accounting personnel with an appropriate level of technical accounting knowledge and experience in the application of generally accepted accounting principles accepted in the United States of America commensurate with the Company's disclosure controls and procedures requirements, which resulted in a number of deficiencies in disclosure controls and procedures that were identified as being significant. The Company's management believes that the number and nature of these significant deficiencies, when aggregated, was determined to be a material weakness.

Despite of the material weaknesses and deficiencies reported above, the Company's management believes that its consolidated financial statements included in this report fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented and that this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this Annual Report.

**Changes in Internal Control over Financial Reporting**

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. Other Information**

None.

### **Part III**

#### **ITEM 10. Directors, Executive Officers and Corporate Governance**

##### **Directors and Executive Officers**

Our executive officers and directors and their respective ages as of June 30, 2012 are as follows:

| <b>Name</b>         | <b>Age</b> | <b>Position</b>                                                            |
|---------------------|------------|----------------------------------------------------------------------------|
| <b>Ronnie Adams</b> | 63         | Chief Executive Officer, President, and Chairman of the Board of Directors |
| <b>Allen Polsky</b> | 67         | Director                                                                   |

Set forth below is a brief description of the background and business experience of our executive officers and directors for the past five years.

##### **Ronnie Adams**

Ronnie Adams serves as our CEO, President, Chief Financial Officer, and Director. He has also served as President and Chief Financial Officer of a NASDAQ company that he started from inception and grew to over \$60 million. Mr. Adams was the recipient of the prestigious Entrepreneur of the Year Award in 1996, sponsored by Dow Jones, NASDAQ, and Ernst & Young.

##### **Allen Polsky**

Allen Polsky has 30 years of experience in the security and life safety industry and currently serves as Medical Alarm Concepts' Vice President of Strategic Alliances. Prior to joining MAC, he was a Senior Security consultant for JM resources, a structured wiring company. He is also a co-founder of Connective Home, one of the nation's top 30 home integration companies.

**Family Relationships**

There are no family relationships among our directors or executive officers.

**Section 16(a) Beneficial Ownership Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and certain persons holding more than 10 percent of a registered class of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Officers, directors and certain other shareholders are required by the SEC to furnish the Company with copies of all Section 16(a) forms they file. To the best of the Company's knowledge, based solely upon a review of the copies of such reports. The Company's quarterly report on Form 10-Q for quarterly period ended March 31, 2012 was filed with the SEC on October 28, 2013, all other required filings were not made on a timely basis.

**Code of Ethics**

We have adopted a Code of Business Conduct and Ethics (the "Code") that is applicable to all employees, consultants and members of the Board of Directors, including the Chief Executive Officer, Chief Financial Officer and Secretary. This Code embodies our commitment to conduct business in accordance with the highest ethical standards and applicable laws, rules and regulations. We will provide any person a copy of the Code, without charge, upon written request to the Company's Secretary. Requests should be addressed in writing to Mr. Ronnie Adams at the Company's mailing address.

**Director Nominees Recommended by Stockholders**

We have not implemented any changes to the procedures by which stockholders may recommend nominees to our board of directors since we last disclosed those procedures in our most recent proxy statement filed with the SEC.

**Board Composition; Audit Committee and Financial Expert**

Our Board of Directors is currently composed of two members: Ronnie Adams and Allen Polsky. All board actions require the approval of a majority of the directors in attendance at a meeting at which a quorum is present.

We currently do not have an audit committee. We intend, however, to establish an audit committee of the board of directors as soon as practical. We envision that the audit committee will be primarily responsible for reviewing the services performed by our independent auditors, evaluating our accounting policies and our system of internal controls. Currently such functions are performed by our Board of Directors.

The Board has determined that at least one person on the Board, Mr. Ronnie Adams, qualifies as a “financial expert” as defined by SEC rules implementing Section 407 of the Sarbanes-Oxley Act. Neither Mr. Adams nor Mr. Polsky meet the definition of an “independent” director set forth in Rule 4200(a)(15) of the Market Place Rules of the Nasdaq Stock Market, which is the independence standard that we have chosen to report under.

**Board meetings and committees; annual meeting attendance.**

During fiscal year 2011, the Board of Directors had one meeting in total. All members of the Board of Directors attended the meetings. All members of the Board of Directors are required to attend the annual meetings of securities holders. On December 18, 2012, all members of the Board of Directors attended the meeting of the Board of Directors.

**ITEM 11. Executive Compensation**

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officer during the years ended June 30, 2012 and 2011 in all capacities for the accounts of our executive officers, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

### **Summary Compensation Table**

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officer during the years ended June 30, 2011 and 2010 in all capacities for the accounts of our executive officers, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

| Summary Compensation Table    |      |          |       |              |               |                                        |                                             |                        |          |
|-------------------------------|------|----------|-------|--------------|---------------|----------------------------------------|---------------------------------------------|------------------------|----------|
| Name and principal position   | Year | Salary   | Bonus | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | Nonqualified Deferred Compensation Earnings | All Other Compensation | Total    |
|                               |      | (\$)     | (\$)  | (\$)         | (\$)          | (\$)                                   | (\$)                                        | (\$)                   | (\$)     |
| (a)                           | (b)  | (c)      | (d)   | (e)          | (f)           | (g)                                    | (h)                                         | (i)                    | (j)      |
| Howard Teicher                | 2012 | \$29,167 | Nil   | Nil          | Nil           | Nil                                    | Nil                                         | \$ 7,265               | \$36,432 |
| Former CEO and Chairman       | 2011 | \$29,167 | Nil   | Nil          | Nil           | Nil                                    | Nil                                         | \$ 7,265               | \$36,432 |
| Ronnie Adams CEO and Chairman | 2012 | \$22,731 | Nil   | Nil          | Nil           | Nil                                    | Nil                                         | \$ 5,050               | \$27,780 |
|                               | 2011 | \$22,731 | Nil   | Nil          | Nil           | Nil                                    | Nil                                         | \$ 5,050               | \$27,780 |

(1) Mr. Teicher's other compensation in 2011 consisted of \$7,265 for a car allowance.

(2) Mr. Adams' other compensation in 2011 consisted of \$5,050 for a car allowance.

**Option Grants.**

There were no individual grants of stock options to purchase our common stock made to the executive officers named in the Summary Compensation Table through June 30, 2012.

**Aggregated Option Exercises and Fiscal Year-End Option Value.**

There were no stock options exercised during period ending June 30, 2012 by the executive officers named in the Summary Compensation Table.

**Long-Term Incentive Plan ("LTIP") Awards.**

There were no awards made to the named executive officers in the last completed fiscal year under any LTIP.

**Compensation of Directors**

Directors are permitted to receive fixed fees and other compensation for their services as directors. The Board of Directors has the authority to fix the compensation of directors.

**Employment Agreements**

We do not have any employment agreements in place with our executive officers and directors.

**ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth as of June 30, 2012 certain information with respect to the beneficial ownership of our common stock by (i) each of our executive officers, (ii) each person who is known by us to beneficially own more than 5% of our outstanding common stock, and (iii) all of our directors and executive officers as a group. Percentage ownership is calculated based on 1,353,300,073 shares of our common stock outstanding as of November 9, 2013. None of the shares listed below are issuable pursuant to stock options or warrants of the Company.

| Title of class | Name and Address of Beneficial Ownership                                   | Amount and Nature of Beneficial Owner | Percentage of class |   |
|----------------|----------------------------------------------------------------------------|---------------------------------------|---------------------|---|
| Common Stock   | Ronald Adams<br>200 West Church Road, Suite B<br>King of Prussia, PA 19406 | 14,500,000                            | 1.07                | % |
|                | Alan Polsky<br>200 West Church Road, Suite B<br>King of Prussia, PA 19406  |                                       |                     |   |
| Common Stock   | 200 West Church Road, Suite B<br>King of Prussia, PA 19406                 | 7,550,000                             | 0.56                | % |
| Common Stock   | All officers and directors as a group (2 persons)                          | 22,050,000                            | 1.63                | % |

As of November 2013, JTT Energy Solutions, Ltd of Richmond, British Columbia, Canada, became a beneficial owner through the purchase of 390,546,900 common shares, which equals 28.7% of common shares issued.

**Change in Control**

None.

**ITEM 13. Certain Relationships and Related Transactions, and Director Independence**

On June 24, 2008, we issued 30,000,000 founder shares of common stock pursuant to the exemption from registration set forth in section 4(2) of the Securities Act of 1933.

**ITEM 14. Principal Accountant Fees and Services**

Fees Paid to Independent Public Accountants for 2012 and 2011.

**Audit Fees**

For the Company's fiscal years ended June 30, 2012 and 2011, we were billed approximately \$23,500 and \$23,500, respectively, for professional services rendered for the audit and review of our financial statements.

**Audit-Related Fees**

There were no fees for audit related services for the years ended June 30, 2012 and 2011.

**Tax Fees**

For the Company's fiscal years ended June 30, 2012 and 2011, we were not billed for professional services rendered for tax compliance, tax advice, and tax planning.

**All Other Fees**

None.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors**

Since we did not have a formal audit committee, our board of directors served as our audit committee. We have not adopted pre-approval policies and procedures with respect to our accountants in 2012. All of the services provided and fees charged by our independent registered accounting firms in 2012 were approved by the board of directors.

**Part IV**

**ITEM 15. Exhibits and Financial Statement Schedules**

| <b>Exhibit<br/>No.</b> | <b>Description</b>                                                                                                                                                     | <b>Incorporated by<br/>Reference in<br/>Document</b>                                                   |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 3.1                    | Amendment to the Articles of Incorporation Filed on September 24, 2009 with the Nevada Secretary of State                                                              | Filed as Exhibit 3.1 to the Form 8-K filed on September 30, 2009 and incorporated herein by reference. |
| 31.1                   | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934                       | Filed herewith.                                                                                        |
| 32.1                   | Certification of Chief Executive Officer and Chief Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed herewith.                                                                                        |

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 21, 2014

**MEDICAL ALARM CONCEPTS HOLDING, INC.**

By: /s/ Ronnie Adams  
Ronnie Adams  
Chief Executive Officer and Chief Financial Officer  
(Principal Executive Officer, Principal Financial and Accounting Officer)

By: /s/ Allen Polsky  
Allen Polsky  
Director

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the registrant and in the capacities and on the dates indicated.

|                                  |                                                                                                                                        |                |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|----------------|
|                                  | Chief Executive Officer and<br>Chief Financial Officer<br>(Principal<br>Executive Officer, Principal Financial and Accounting Officer) | March 21, 2014 |
| /s/ Ronnie Adams<br>Ronnie Adams |                                                                                                                                        |                |
| /s/ Allen Polsky<br>Allen Polsky | Director                                                                                                                               | March 21, 2014 |

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Index to Consolidated Financial Statements**

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| Consolidated Balance Sheets                             | F-3 |
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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and Board of Directors of

Medical Alarm Concepts Holding, Inc.

We have audited the accompanying consolidated balance sheets of Medical Alarm Concepts Holding, Inc. (the “Company”) as of June 30, 2012 and 2011 and the related consolidated statement of comprehensive loss, stockholders’ deficit, and cash flows for the years then ended. The Company’s management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits of the consolidated financial statements include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Medical Alarm Holdings, Inc. as of June 30, 2012 and 2011 and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in Note 3 to the accompanying financial statements, the Company has working capital deficit of \$8,818,429, did not generate cash from its operations, had stockholders’ deficit of \$10,247,747 and had operating loss for past two years. These circumstances, among others, raise substantial doubt about the Company’s ability to continue as a going concern. Management's plans in regard to these matters are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Accompanying consolidated financial statements as of and for the year ended June 30, 2012 have been restated as discussed in Note 16.

*/s/ Paritz & Company, P.A.*

Hackensack, New Jersey,

December 10, 2013, except for Note 3, Note 8, Note 11, Note 12 and Note 16 which are dated March 19, 2014

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## MEDICAL ALARM CONCEPTS HOLDING, INC.

## CONSOLIDATED BALANCE SHEETS

|                                                                                                                                                                            | June 30,<br>2012<br>(As restated) | 2011        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------|
| <b>ASSETS</b>                                                                                                                                                              |                                   |             |
| <b>CURRENT ASSETS</b>                                                                                                                                                      |                                   |             |
| Cash                                                                                                                                                                       | \$20,577                          | \$22        |
| Accounts receivable                                                                                                                                                        | 815                               | 5,240       |
| Inventory                                                                                                                                                                  | 52,042                            | 22,462      |
| Loan receivable                                                                                                                                                            | 60,000                            | -           |
| Total current assets                                                                                                                                                       | 133,434                           | 27,724      |
| <b>NON-CURRENT ASSETS</b>                                                                                                                                                  |                                   |             |
| Property and equipment, net                                                                                                                                                | 10,964                            | 16,215      |
| Intangible assets, net                                                                                                                                                     | 1,256,041                         | 1,334,544   |
| Total non-current assets                                                                                                                                                   | 1,267,005                         | 1,350,759   |
| Total assets                                                                                                                                                               | \$1,400,439                       | \$1,378,483 |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>                                                                                                                               |                                   |             |
| <b>CURRENT LIABILITIES</b>                                                                                                                                                 |                                   |             |
| Derivative liability                                                                                                                                                       | \$8,043,577                       | \$322,831   |
| Accounts payable                                                                                                                                                           | 122,972                           | 187,233     |
| Deferred revenue                                                                                                                                                           | 68,148                            | 69,529      |
| Credit line payable - related party                                                                                                                                        | 629,594                           | -           |
| Accrued expenses and other current liabilities                                                                                                                             | 87,572                            | 114,353     |
| Total current liabilities                                                                                                                                                  | 8,951,863                         | 693,946     |
| <b>NON-CURRENT LIABILITIES</b>                                                                                                                                             |                                   |             |
| Patent payable                                                                                                                                                             | 2,500,000                         | 2,500,000   |
| Convertible notes payable, net of discount                                                                                                                                 | 196,323                           | 209,578     |
| Total non-current liabilities                                                                                                                                              | 2,696,323                         | 2,709,578   |
| Total liabilities                                                                                                                                                          | 11,648,186                        | 3,403,524   |
| <b>STOCKHOLDERS' DEFICIT</b>                                                                                                                                               |                                   |             |
| Series A Convertible Preferred Stock: \$0.0001 par value; 50,000,000 shares authorized; 550,000 shares issued and outstanding as of June 30, 2012 and 2011, respectively   | 55                                | 55          |
| Series B Convertible Preferred Stock: \$0.0001 par value; 50,000,000 shares authorized; 7,950,000 shares issued and outstanding as of June 30, 2012 and 2011, respectively | 795                               | 795         |
| Common stock: \$0.0001 par value; 1,400,000,000 shares authorized 573,682,405 shares and 373,174,121 shares issued and outstanding on June 30, 2012 and 2011, respectively | 57,368                            | 37,317      |

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|                                                 |                 |                 |
|-------------------------------------------------|-----------------|-----------------|
| Additional paid-in capital                      | 7,349,146       | 4,959,045       |
| Accumulated deficit                             | (17,655,111)    | (7,022,253)     |
| Total stockholders' deficit                     | (10,247,747)    | (2,025,041)     |
| <br>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | <br>\$1,400,439 | <br>\$1,378,483 |

See accompanying notes to the consolidated financial statements.

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MEDICAL ALARM CONCEPTS HOLDING, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

|                                                              | Fiscal Year Ended June 30, |              |
|--------------------------------------------------------------|----------------------------|--------------|
|                                                              | 2012                       | 2011         |
|                                                              | (As restated)              |              |
| Revenue                                                      | \$532,863                  | \$452,816    |
| Cost of revenue                                              | 423,752                    | 168,642      |
| Gross profit                                                 | 109,111                    | 284,174      |
| Operating expenses                                           |                            |              |
| Selling expense                                              | 60,211                     | 318,413      |
| General and administrative                                   | 663,589                    | 1,322,798    |
| Total operating expenses                                     | 723,800                    | 1,641,211    |
| Loss from operations                                         | (614,689 )                 | (1,357,037 ) |
| Other (income) expense                                       |                            |              |
| Change in fair value of derivative instrument                | 9,045,560                  | (1,996,861 ) |
| Interest expense                                             | 965,872                    | 1,047,360    |
| Gain on sale of subscriber accounts                          | (73,263 )                  | -            |
| Bad debt expense                                             | 80,000                     | -            |
| Other (income) expense                                       | 10,018,169                 | (949,501 )   |
| Loss before income taxes                                     | (10,632,858 )              | (407,536 )   |
| Income tax provision                                         | -                          | -            |
| Net loss                                                     | \$(10,632,858 )            | \$(407,536 ) |
| Net loss per common share – basic and diluted                | \$(0.024 )                 | \$(0.001 )   |
| Weighted average number of common shares – basic and diluted | 437,146,065                | 296,103,557  |

See accompanying notes to the consolidated financial statements.

## MEDICAL ALARM CONCEPTS HOLDING, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

|                                                          | Series A Preferred Stock |             | Series B Preferred Stock |                | Common Stock       |                 | Additional Paid-in Capital | Deferred Compensation | Total              |
|----------------------------------------------------------|--------------------------|-------------|--------------------------|----------------|--------------------|-----------------|----------------------------|-----------------------|--------------------|
|                                                          | Shares                   | Amount      | Shares                   | Amount         | Shares             | Amount          |                            |                       |                    |
| <b>Balance at June 30, 2010</b>                          | <b>550,000</b>           | <b>\$55</b> | <b>34,700,000</b>        | <b>\$3,470</b> | <b>201,590,744</b> | <b>\$20,159</b> | <b>\$4,119,522</b>         | <b>\$-</b>            | <b>\$4,194,671</b> |
| Conversion of Series B Preferred Stock to Common Stock   | -                        | -           | (38,375,000)             | (3,838 )       | 38,375,000         | 3,838           | -                          | -                     | -                  |
| Issuance of Series B Convertible Stock as ratchet shares | -                        | -           | 11,625,000               | 1,163          | -                  | -               | (1,163 )                   | -                     | -                  |
| Issuance of Common Stock for cash                        | -                        | -           | -                        | -              | 15,265,500         | 1,526           | 151,129                    | -                     | -                  |
| Conversion of convertible notes to Common Stock          | -                        | -           | -                        | -              | 42,656,292         | 4,265           | 174,557                    | -                     | -                  |
| Common Stock issued in private placement                 | -                        | -           | -                        | -              | 11,000,000         | 1,100           | 33,129                     | -                     | -                  |
| Issuance of common stock for services                    | -                        | -           | -                        | -              | 61,536,585         | 6,154           | 482,146                    | -                     | -                  |
| Ratchet shares of raising money at 0.01                  | -                        | -           | -                        | -              | 2,750,000          | 275             | (275 )                     | -                     | -                  |
| Amortization of deferred compensation                    | -                        | -           | -                        | -              | -                  | -               | -                          | -                     | -                  |
| Net loss                                                 | -                        | -           | -                        | -              | -                  | -               | -                          | -                     | ( )                |
|                                                          | <b>550,000</b>           | <b>\$55</b> | <b>7,950,000</b>         | <b>\$795</b>   | <b>373,174,121</b> | <b>\$37,317</b> | <b>\$4,959,045</b>         | <b>\$-</b>            | <b>\$4,391,157</b> |

**Balance at  
June 30, 2011**

Conversion  
of convertible  
notes to  
Common  
Stock

- - - - 170,308,284 17,031 48,914 -

Issuance of  
common  
stocks for  
services

- - - - 30,200,000 3,020 123,580 -

Deferred  
share-based  
compensation

- - - - - - (28,267 ) -

Derivative  
liability  
related to  
notes

- - - - - - 1,463,738 -

converted (As  
restated)

Forgiveness  
of convertible  
notes and  
warrants -  
shareholder  
(As restated)

- - - - - - 782,136 -

**Net loss (As  
restated)**

- - - - - - - -

**Balance at  
June 30, 2012  
(As restated)**

550,000 55 7,950,000 795 573,682,405 57,368 7,349,146 -

See accompanying notes to the consolidated financial statements.

## MEDICAL ALARM CONCEPTS HOLDING, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

|                                                                             | Fiscal Year Ended June 30, |              |
|-----------------------------------------------------------------------------|----------------------------|--------------|
|                                                                             | 2012                       | 2011         |
|                                                                             | (As restated)              |              |
| CASH FLOWS FROM OPERATING ACTIVITIES                                        |                            |              |
| Net loss                                                                    | \$(10,632,858)             | \$(407,536 ) |
| Adjustments to reconcile net loss to net cash used in operating activities: |                            |              |
| Common stock issued for services                                            | 98,333                     | 488,300      |
| Change in fair value of derivative instrument                               | 9,045,560                  | (1,996,861)  |
| Amortization of patent                                                      | 78,503                     | 332,126      |
| Non-cash interest expense                                                   | 786,373                    | 897,359      |
| Depreciation                                                                | 5,251                      | 5,250        |
| Bad debt expense                                                            | 80,000                     | -            |
| Change in operating assets and liabilities                                  |                            |              |
| Accounts receivable                                                         | 4,425                      | 10,973       |
| Inventory                                                                   | (29,580 )                  | 48,860       |
| Prepaid expenses                                                            | -                          | 121,754      |
| Security deposit                                                            | -                          | 2,159        |
| Accounts payable                                                            | (64,261 )                  | 99,646       |
| Bank overdraft                                                              | -                          | (14,161 )    |
| Accrued expenses and other current liabilities                              | (61,612 )                  | 101,359      |
| Deferred revenue                                                            | (1,381 )                   | 32,316       |
| Net Cash Used in Operating Activities                                       | (691,247 )                 | (278,456 )   |
| CASH FLOWS FROM FINANCING ACTIVITIES                                        |                            |              |
| Change in restricted cash                                                   | -                          | 35,150       |
| Loan receivable                                                             | (140,000 )                 | -            |
| Due to officer                                                              | -                          | (24,000 )    |
| Proceeds from convertible notes                                             | 222,208                    | 44,673       |
| Proceeds from credit line                                                   | 629,594                    | -            |
| Proceeds from sales of common stock, net of costs                           | -                          | 222,655      |
| Net Cash Provided By Financing Activities                                   | 711,802                    | 278,478      |
| NET INCREASE IN CASH                                                        | 20,555                     | 22           |
| CASH AT BEGINNING OF YEAR                                                   | 22                         | -            |
| CASH AT END OF YEAR                                                         | \$20,577                   | \$-          |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION                            |                            |              |
| CASH PAID FOR INTEREST EXPENSE                                              | \$198,500                  | \$100,000    |

|                                                                                                              |           |           |
|--------------------------------------------------------------------------------------------------------------|-----------|-----------|
| CASH PAID FOR INCOME TAXES                                                                                   | \$-       | \$-       |
| CONVERSION OF CONVERTIBLE NOTES TO COMMON STOCK                                                              | \$65,948  | \$195,826 |
| DERIVATIVE LIABILITY CLASSFIED TO ADDITIONAL PAID-IN CAPITAL<br>UPON CONVERSION OF RELATED CONVERTIBLE NOTES | \$838,064 | \$-       |
| DEBT DISCOUNT FROM DERIVATIVE LIABILITY                                                                      | \$222,208 | \$44,673  |

See accompanying notes to the consolidated financial statements.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 NATURE OF OPERATIONS**

On June 4, 2008, Medical Alarm Concepts Holding, Inc. (the “Company”) was incorporated under the laws of the State of Nevada. The Company was formed for the sole purpose of acquiring all of the membership units of Medical Alarm Concepts LLC, a Pennsylvania limited liability company (“Medical LLC”).

On June 24, 2008, the Company merged with Medical LLC. The members of Medical LLC received 30,000,000 shares of the Company’s common stock, or 100 % of the outstanding shares in the merger. As of the date of the merger, Medical LLC was inactive.

The Company utilizes new technology in the medical alarm industry to provide 24-hour personal response monitoring services and related products to subscribers with medical or age-related conditions.

**NOTE 2 SUMMARY OF ACCOUNTING POLICIES**

Basis of Presentation and Consolidation

The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant inter-company transactions and balances among the Company and its subsidiary are eliminated upon consolidation.

Certain amounts included in June 30, 2011 financial statements have been reclassified to conform to the June 30, 2012 financial statements presentation.

### Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include the collectability of accounts receivable, deferred taxes and related valuation allowances and value of derivative financial instruments. Certain of our estimates, including evaluating the collectability of accounts receivable, could be affected by external conditions, including those unique to our industry, and general economic conditions. It is possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

### Cash

The Company considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash and cash equivalents.

### Accounts receivable and allowance for doubtful accounts receivable

We have a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We extend credit to our customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for potential bad debts if required. We determine whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. We may also record a general allowance as necessary. Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that we should abandon such efforts.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Inventory

The Company values inventory, consisting of purchased products, at the lower of cost or market. Cost is determined on the first-in and first-out (“FIFO”) method. The Company regularly reviews its inventories on hand and, when necessary, records a provision for excess or obsolete inventories based primarily on current selling price and spot market prices. The Company determined that there was no inventory obsolescence as of June 30, 2012 and 2011.

Property and equipment

Property and equipment includes furniture and fixtures and office equipment which are recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of furniture and fixtures and office equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over their estimated useful life of seven ( 7 ) and five ( 5 ) years, respectively. Upon sale or retirement of office equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in statements of operations.

Patent

The Company has adopted the guidelines as set out in section 330-30-35-6 of the FASB Accounting Standards Codification for patent costs. Under the requirements as set out, the Company capitalizes and amortizes patent costs associated with the licensed product the Company intends to sell pursuant to the Purchase Agreement and the Patent Assignment Agreements, entered into on July 10, 2008 and effective July 30, 2008, over their estimated useful life. From July 30, 2008 to March 31, 2011, the patent cost was amortized over the period of six years. The company changed the estimated useful life of patent from six years to twenty years. From April 1, 2011, the unamortized balance of patent costs will be amortized over the remaining period of useful life. The costs of defending and maintaining patents are expensed as incurred. Upon becoming fully amortized, the related cost and accumulated amortization are removed from the accounts.

Impairment of long-lived assets

The Company follows section 360-10-05-4 of the FASB Accounting Standards Codification for its long-lived assets. The Company's reviews its long-lived assets, which include property and equipment, and patent, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future undiscounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated or amortized over the newly determined remaining estimated useful lives. The Company determined that there were no impairments of long-lived assets as of June 30, 2012 and 2011.

## **MEDICAL ALARM CONCEPTS HOLDIN, INC.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### Convertible instruments and derivative financial instruments

The Company evaluates its convertible debt, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 810-10-05-4 of the FASB Accounting Standards Codification and paragraph 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Statement of Operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the conversion date and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

On January 1, 2009, the Company adopted Section 815-40-15 of the FASB Accounting Standards Codification ("Section 815-40-15") to determine whether an instrument (or an embedded feature) is indexed to the Company's own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. The adoption of Section 815-40-15 has affected the accounting for (i) certain freestanding warrants that contain exercise price adjustment features and (ii) convertible bonds issued by foreign subsidiaries with a strike price denominated in a foreign currency.

#### Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value pursuant to GAAP and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company’s financial assets and liabilities, such as cash, accounts receivable, stock subscription receivable, prepaid expenses, accounts payable, bank overdraft, deferred revenues and accrued liabilities, approximate their fair values because of the short maturity of these instruments. The Company’s convertible notes payable approximate the fair value of such instruments based upon management’s best estimate of interest rates that would be available to the Company for similar financial arrangements at June 30, 2012 and 2011.

The derivative liability which consists of embedded conversion feature and warrants issued in connection with our convertible debt, classified as a level 3 liability, are the only financial liability measured at fair value on a recurring basis

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC Topic 740, "Income Tax," which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the difference between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are measured using the enacted tax rate expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company establishes a valuation when it is more likely than not that the assets will not be recovered.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

Revenue Recognition

The Company's revenues are derived principally from utilizing new technology in the medical alarm industry to provide 24-hour personal response monitoring services and related products to subscribers with medical or age-related conditions. The Company applies paragraph 605-10-S99-1 of the FASB Accounting Standards Codification for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when it has persuasive evidence of an arrangement that the services have been rendered to the customer, the sales price is fixed or determinable, and collectability is reasonably assured.

All revenues from subscription arrangements are recognized ratably over the term of such arrangements. The excess of amounts received over the income recognized is recorded as deferred revenue on the consolidated balance sheet.

Shipping and handling costs

The Company accounts for shipping and handling fees in accordance with paragraph 605-45-45-19 of the FASB Accounting Standards Codification. While amounts charged to customers for shipping products are included in revenues, the related costs are classified in cost of goods sold as incurred.

Stock-based compensation

We recognize compensation expense for stock-based compensation in accordance with ASC Topic 718. For employee stock-based awards, we calculate the fair value of the award on the date of grant using the Black-Scholes method for stock options and the quoted price of our common stock for unrestricted shares; the expense is recognized over the service period for awards expected to vest. For non-employee stock-based awards, we calculate the fair value of the award on the date of grant in the same manner as employee awards. However, the awards are revalued at the end of each reporting period and the pro rata compensation expense is adjusted accordingly until such time the nonemployee award is fully vested, at which time the total compensation recognized to date equals the fair value of the stock-based award as calculated on the measurement date, which is the date at which the award recipient's performance is complete. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

The Black-Scholes option valuation model is used to estimate the fair value of the warrants or options granted. The model includes subjective input assumptions that can materially affect the fair value estimates. The model was developed for use in estimating the fair value of traded options or warrants. The expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the warrants or options granted.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Net loss per common share

Net loss per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net loss per common share is computed by taking net loss divided by the weighted average number of common shares outstanding for the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through stock options, warrants, and convertible debt. These potential shares of common stock were not included as they were anti-dilutive.

Commitments and contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

Cash flows reporting

The Company adopted paragraph 230-10-45-24 of the FASB Accounting Standards Codification for cash flows reporting, classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides definitions of each category, and uses the indirect or reconciliation method ("Indirect method") as defined by paragraph 230-10-45-25 of the FASB Accounting Standards Codification to report net cash flow from operating activities by adjusting net income to reconcile it to net cash flow from operating activities by removing the effects of (a) all deferrals of past operating cash receipts and payments and all accruals of expected future operating cash receipts and payments and (b) all items that are included in net income that do not affect operating cash receipts and payments. The Company reports the reporting currency equivalent of foreign currency cash flows, using the current exchange rate at the time of the cash flows and the effect of exchange rate changes on cash held in foreign currencies is reported as a separate item in the reconciliation of beginning and ending balances of cash and cash equivalents and separately provides information about investing and financing activities not resulting in cash receipts or payments in the period pursuant to paragraph 830-230-45-1 of the FASB Accounting Standards Codification.

### Subsequent events

The Company follows the guidance in Section 855-10-50 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements are issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company as an SEC filer considers its financial statements issued when they are widely distributed to users, such as through filing them on EDGAR.

### Recently Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update No. 2013-02 Comprehensive Income (Topic 220): The objective of this update is to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendments in this update seek to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. This would be the case when a portion of the amount reclassified out of accumulated other comprehensive income is reclassified to a balance sheet account (for example, inventory) instead of directly to income or expense in the same reporting period. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. The Company does not expect the adoption of the provisions in this update will have a significant impact on its consolidated financial statements.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

**NOTE 3 GOING CONCERN**

These consolidated financial statements are presented on the basis that we will continue as a going concern. The going concern concept contemplates the realization of assets and satisfaction of liabilities in the normal course of business

As reflected in the accompanying consolidated financial statements, the Company has working capital deficit of \$8,818,429, did not generate cash from its operations, had stockholders' deficit of \$10,247,747 and had operating loss for past two years. These circumstances, among others, raise substantial doubt about the Company's ability to continue as a going concern.

While the Company is attempting to generate sufficient revenues, the Company's cash position may not be enough to support the Company's daily operations. Management intends to raise additional funds by way of a public or private offering. Management believes that the actions presently being taken to further implement its business plan and generate sufficient revenues provide the opportunity for the Company to continue as a going concern. While the Company believes in the viability of its strategy to increase revenues and in its ability to raise additional funds, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenues.

The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**NOTE 4 – LOAN RECEIVABLE**

On January 5, 2012, the Company entered into a financing agreement and security agreement (“Financing Agreement”) with First Fitness International, Inc. (“First Fitness”). Under the Financing Agreement, the Company agreed to lend to First Fitness of a loan in total amount of \$ 200,000 .. The maturity date of the loan is January 3, 2013 . The loan bears interest on each day at the rate of 10 % per annum. In the event of default, the rate of interest shall be 20 % per annum. As of June 30, 2012, the Company loaned \$ 140,000 to First Fitness.

On August 16, 2012, the Company and First Fitness entered into amendment agreement to financing and security agreement (“Termination Agreement”), pursuant to which, the Company and First Fitness agreed to terminate the Financing Agreement on condition that First Fitness pays the Company repayment of \$ 60,000 on August 21, 2012 and all remaining balance relating to the Financing agreement has been forgiven. The Company received \$ 60,000 on August 16, 2012 and recorded bad debt expense of \$ 80,000 in the year ended June 30, 2012

No interest has been recorded due to interest being waived upon the amendment.

#### **NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment, stated at cost, less accumulated depreciation at June 30, 2012 and 2011 consisted of the following:

|                                | June 30,2012 | June 30, 2011 |
|--------------------------------|--------------|---------------|
| Furniture and fixtures         | \$ 20,000    | \$ 20,000     |
| Office equipment               | 11,965       | 11,965        |
| Less: accumulated depreciation | (21,001 )    | (15,750 )     |
|                                | \$ 10,964    | \$ 16,215     |

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 6 - PATENT**

On July 10, 2008, the Company entered into a Purchase Agreement and Patent Assignment Agreement (the “Agreement”) to be effective July 31, 2008. The Company is obligated to pay the seller \$ 2,500,000 on June 30, 2012. The Agreement specifies interest of 6 % to be payable monthly, commencing on July 31, 2008. The seller will reacquire all patents and applications if payment is not made on June 30, 2012. On September 24, 2013, this due date was extended to December 31, 2013.

The patent is being amortized over its estimated useful life. During the year ended June 30, 2011, estimated useful life of the patent was changed from six years to twenty years due to change of accounting estimates. Amortization of patent aggregated \$ 78,503 and \$ 332,126 for the year ended June 30, 2012 and 2011 respectively.

Patent, stated at cost, less accumulated amortization at June 30, 2012 and 2011, consisted of the following:

|                                | June 30,2011 | June 30, 2010 |
|--------------------------------|--------------|---------------|
| Patent                         | \$ 2,500,000 | \$ 2,500,000  |
| Less: accumulated amortization | (1,243,959 ) | (1,165,456 )  |
|                                | \$ 1,256,041 | \$ 1,334,544  |

**NOTE 7 - CREDIT LINE**

On January 6, 2012, the Company and Biotech Development Group, LLC. (“Biotech”), a shareholder, entered into a credit line agreement (“Credit Line Agreement”), pursuant to which, Biotech agreed to give the Company a line of credit to borrow up to \$ 500,000 . The principal balance is due on December 31, 2012 . This credit line bears interest at 8 % per annum and due quarterly. On May 18, 2012, the credit line was increased to \$ 750,000 . On June 11, 2013, the due date of the credit line was extended to December 31, 2014 .

As of June 30, 2012, the amount of borrowing under the credit line was \$ 629,594.

#### **NOTE 8 - CONVERTIBLE NOTES PAYABLE**

During the year ended June 30, 2011, the Company issued convertible notes for total amount of \$ 44,673. The convertible notes are convertible into shares of the Company's common stock at a fixed conversion price equal to the lesser of the fixed conversion price of \$0.0041, or seventy five percent (75%) of the average of the closing bid price of the common stock as reported by Bloomberg LP for the principal market for the 5 trading days preceding the conversion date. During the same year, convertible notes in the amount of \$ 195,825 were converted to 42,656,292 shares of common stock.

During the year ended June 30, 2012, the Company issued promissory convertible notes to existing shareholders for total amount of \$ 217,208 and a new investor for \$ 5,000. The convertible notes are convertible into shares of the Company's common stock at a fixed conversion price equal to the lesser of the fixed conversion price from \$0.0002 to \$0.0041, or seventy five percent (75%) of the average of the closing bid price of the common stock as reported by Bloomberg LP for the principal market for the 5 trading days preceding the conversion date. As part of this transaction the Company also issued to the subscriber a warrant to purchase 60,755,974 shares and 1,219,512 of common stock to existing shareholders and a new investor, respectively. The warrant exercise price is between \$0.0002 to \$ 0.0041 per share.

On September 16, 2011, the Company and one of its convertible notes holders ("Note holder"), entered into an Amendment Agreement, pursuant to which (1) the fixed Conversion Price of certain convertible notes dated approximately March 2009, June 2011, July 2011 and August 2011" and (2) Exercise Price of attached Warrants have been adjusted to \$0.0002. The maturity dates of those convertible notes have been extended for two years from their original maturity dates. The maturity dates of attached warrants have been extended for five years from their original maturity dates.

On April 23, 2012, the Company and the Note holder entered into another Amendment Agreement, which further clarified scope covered by the Amendment Agreement dated September 16, 2011 to include convertible notes and warrants issued in September 2011 in the Amendment Agreement.

In addition, based on certain term included in the related Security Purchase Agreement, the conversion price of all convertible notes and the exercise price of all warrants issued prior to September 16, 2011 should be reduced to \$0.0002.

As a result of the two Amendment Agreements and certain term of related Security Purchase Agreement, (1) the conversion price of all convertible notes and (2) the exercise price of attached warrants, which were dated on or before September 16, 2011 has been changed to \$0.0002. The maturity dates of convertible notes have been extended for two years from their original maturity dates and maturity dates of attached warrants have been extended for five years from original maturity dates.

During the year ended June 30, 2012, one holder of promissory convertible notes converted principal amount of \$65,945 into 170,308,284 shares of common stock and forgave the principal amount of \$56,251.

The following table summarizes the convertible promissory notes movement of fiscal 2011 and 2012:

|                                  |           |
|----------------------------------|-----------|
| Balance at June 30, 2011         | \$247,598 |
| Convertible notes issued         | 222,208   |
| Convertible notes converted      | (65,945)  |
| Forgiveness of convertible notes | (56,251)  |
| Total                            | 347,610   |
| Less: debt discount              | (151,287) |
| Balance at June 30, 2012         | \$196,323 |

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9 – PREFERRED STOCK**

*Series A Convertible Preferred Stock*

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 1 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.

*Series B Convertible Preferred 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 1 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.

During the year ended June 30, 2011, 38,375,000 shares of Series B preferred stock has been converted into 38,375,000 shares of common stock. The Company also issued 11,625,000 shares of Series B preferred stock as ratchet shares.

**NOTE 10 - COMMON STOCK**

During fiscal 2011, the 38,375,000 shares of Series B preferred stock were converted into 38,375,000 shares of common stock.

During the year ended June 30, 2011, 42,656,292 shares of common stocks were issued resulting from conversion of \$ 178,822 of convertible notes, which includes the effect of the derivative liability of the embedded conversion features.

During the year ended June 30 2011, the Company issued 26,265,500 shares of common stocks with warrants and raised \$ 222,655 . \$ 35,771 of the proceeds was allocated to the warrants and recorded as a derivative liability.

During the year ended June 30, 2011, the Company issued 61,536,585 shares of common stocks to three service providers as compensation of \$ 488,300 to their services of consulting campaign, research and development and marketing. The 40,000,000 shares issued in October 2010 were valued at \$ 0.01 per share. 21,536,535 shares issued in April 2011 were valued at \$ 0.0041 per share.

During fiscal 2012, the Company issued 30,200,000 shares of its common stock for services valued at \$ 126,600 .

During the year ended June 30, 2012, one holder of promissory convertible notes converted principal amount of \$ 65,945 into 170,308,284 shares of common stock.

#### **NOTE 11 - WARRANTS**

During the year ended June 30, 2011, the Company issued warrants to purchase 60,855,152 shares of common stocks together with convertible notes sold to various investors and additional warrants issued due to price adjustment. The weighted average exercise price of warrants issued during 2011 was \$0.0083 per share.

During fiscal year ended June 30, 2012, together with the sale of convertible promissory notes discussed in Note 8, the Company issued warrants to purchase 61,975,486 shares of the Company's common stock. The warrants are exercisable over five ( 5 ) years at an weighted average exercise price of \$ 0.001 per share.

On September 16, 2011, the Company and one of its convertible notes holders ("Note holder"), entered into an Amendment Agreement, pursuant to which (1) the fixed Conversion Price of certain convertible notes dated approximately March 2009, June 2011, July 2011 and August 2011" and (2) Exercise Price of attached Warrants have been adjusted to \$0.0002. The maturity dates of those convertible notes have been extended for two years from their original maturity dates. The maturity dates of attached warrants have been extended for five years from their original maturity dates.

On April 23, 2012, the Company and the Note holder entered into another Amendment Agreement, which further clarified scope covered by the Amendment Agreement dated September 16, 2011 to include convertible notes and warrants issued in September 2011 in the Amendment Agreement.

In addition, based on certain term included in the related Security Purchase Agreement, the conversion price of all convertible notes and the exercise price of all warrants issued prior to September 16, 2011 should be reduced to \$0.0002.

As a result of the two Amendment Agreements and certain term of related Security Purchase Agreement, (1) the conversion price of all convertible notes and (2) the exercise price of attached warrants, which were dated on or before September 16, 2011 has been changed to \$0.0002. The maturity dates of convertible notes have been extended for two years from their original maturity dates and maturity dates of attached warrants have been extended for five years from original maturity dates.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Stock warrant activities for the fiscal year ended June 30, 2012 and 2011 is summarized as follows:

|                              | Number of shares | Weighted average exercise price |
|------------------------------|------------------|---------------------------------|
| Outstanding at June 30, 2010 | 51,459,375       | \$ 0.02                         |
| Granted                      | 60,855,152       | 0.0083                          |
| Exercised                    | -                | -                               |
| Outstanding at June 30, 2011 | 112,314,527      | 0.0091                          |
| Granted                      | 61,975,486       | 0.0002                          |
| Exercised                    | -                | -                               |
| Forgiveness                  | (34,606,250 )    | 0.0002-                         |
| Outstanding at June 30, 2012 | 139,683,763      | \$ 0.0002                       |

**NOTE 12 - DERIVATIVE LIABILITY AND FAIR VALUE**

The Company has evaluated the application of ASC 815 Derivatives and Hedging (formerly SFAS No. 133) and ASC 815-40-25 to the Warrants to purchase common stock issued with the Convertible Notes and service agreements. Based on the guidance in ASC 815 and ASC 815-40-25, the Company concluded these instruments were required to be accounted for as derivatives due to the down round protection feature on the conversion price and the exercise price. The Company records the fair value of these derivatives on its balance sheet at fair value with changes in the values of these derivatives reflected in the statements of operations as “Gain (loss) on derivative liabilities.” These derivative instruments are not designated as hedging instruments under ASC 815 and are disclosed on the balance sheet under Derivative Liabilities.

The Company accounted for the issuance of the convertible debentures in accordance with ASC 815” Derivatives and Hedging.” The debentures are convertible into an indeterminate number of shares for which the Company cannot determine if it has sufficient authorized shares to settle the transaction with. Accordingly, the embedded conversion option is a derivative liability and is marked to market through earnings at the end of each reporting period.

The gross proceed from the sale of the debentures are recorded net of a discount of related to the conversion feature of the embedded conversion option. When the fair value of conversion options is in excess of the debt discount the amount has been included as a component of interest expense in the statement of operations. During the year ended June 30, 2012 and 2011, the Company recorded \$637,600 and \$ 783,021, respectively of interest expense relating to the excess fair value of the conversion option over the face value of the debentures.

The fair value of the Warrants underlying the promissory notes issued at the time of their issuance was calculated pursuant to the Black-Scholes option pricing model. The fair value was recorded as a reduction to the promissory notes payable and was charged to operations as interest expense in accordance with effective interest method within the period of the promissory notes. Significant assumptions used in calculating fair value of outstanding warrants are as follows.

| Expected dividend | Expected volatility | Risk-free rate of interest<br>0.07 %/ 1 year | Expected term (year)                           | Exercise price                           | Underlying Number of shares                    |
|-------------------|---------------------|----------------------------------------------|------------------------------------------------|------------------------------------------|------------------------------------------------|
| -                 | 279 % - 423.52 %    | 0.35 %/ 2 years<br><br>0.5 %/ 3 years        | As set forth by each promissory note agreement | between \$ 0.0002 to \$ 0.0041 per share | As set forth by each promissory note agreement |

#### NOTE 13 - RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2011, the Company repaid the chief executive officer a net amount of \$ 24,000 on advances. As of June 30, 2012, the outstanding balance is \$nil.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

During the year ended June 30, 2011, the Company issued 32.5 million shares to shareholders and 21 million shares to a company controlled by a shareholder for services provided.

During the fiscal year ended June 30, 2012, the Company issued convertible notes to certain shareholders (see Note 7) and obtained a credit line from a shareholder (see Note 6).

During the fiscal year ended June 30, 2012, the Company paid \$ 20,000 to a shareholder for consulting service provided.

Interest expense to shareholder loans were \$ 34,460 and \$ 0 for the years ended June 30, 2012 and 2011, respectively.

**NOTE 14 – INCOME TAX**

The reconciliation of income tax benefit at the U.S. statutory rate of 34% for the years ended June 30, 2011 and 2010 to the Company's effective tax rate is as follows:

|                                          | Year ended June 30, |    |       |    |
|------------------------------------------|---------------------|----|-------|----|
|                                          | 2012                |    | 2011  |    |
| U.S. federal statutory rate              | (34.0               | )% | (34.0 | )% |
| State income tax, net of federal benefit | (9.99               | )% | (9.99 | )% |
| Change in valuation allowance            | 43.99               | %  | 43.99 | %  |
| Income tax provision (benefit)           | 0.0                 | %  | 0.0   | %  |

The benefit for income tax is summarized as follows:

| Year ended June 30, |      |
|---------------------|------|
| 2012                | 2011 |

|                                |            |           |
|--------------------------------|------------|-----------|
| Federal:                       |            |           |
| Current                        | \$-        | \$-       |
| Deferred                       | (794,589 ) | (138,562) |
| State and local:               |            |           |
| Current                        | -          | -         |
| Deferred                       | (233,468 ) | (40,713 ) |
| Change in valuation allowance  | 1,028,057  | 179,275   |
| Income tax provision (benefit) | \$-        | \$-       |

The tax effects of temporary differences that give rise to the Company's net deferred tax liability as of June 30, 2012 and 2011 are as follows:

|                                      | Year ended June 30, |             |
|--------------------------------------|---------------------|-------------|
|                                      | 2012                | 2011        |
| Net operating losses carried forward | \$4,117,146         | \$3,089,089 |
| Less: valuation allowance            | (4,117,146)         | (3,089,089) |
| Deferred tax assets                  | \$-                 | \$-         |

As of June 30, 2012, the Company had approximately \$ 9 million of federal and state net operating loss carryovers ("NOLs") which begin to expire in 2028. Utilization of the NOLs may be subject to limitation under the Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under regulations.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the assessment, management has established a full valuation allowance against the entire deferred tax asset relating to NOLs for every period because it is more likely than not that all of the deferred tax asset will not be realized.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company files U.S. federal and states of Pennsylvania tax returns that are subject to audit by tax authorities beginning with the year ended June 30, 2008. The Company's policy is to classify assessments, if any, for tax and related interest and penalties as tax expense.

**NOTE 15 - CONCENTRATION AND CREDIT RISK**

During the fiscal year ended June 30, 2012, one customer accounted for \$ 338,000 of the total sales or approximately 71 % of the Company's revenue.

During the fiscal year ended June 30, 2011, one customer accounted for approximately \$ 163,000 of the total sales or approximately 34 % of the Company's revenue.

The Company had only one supplier during the years ended June 30, 2012 and 2011, respectively.

**NOTE 16 - RESTATEMENT OF FINANCIAL STATEMENT**

The management of the Company has concluded that we should restate our financial statements as of and for the year ended June 30, 2012. The conclusion was reached by management because they determined that fair market value of convertible notes and warrants were improperly valued as of June 30, 2012.

On September 16, 2011, the Company and one of its convertible notes holders ("Note holder"), entered into an Amendment Agreement, pursuant to which (1) the fixed Conversion Price of certain convertible notes dated approximately March 2009, June 2011, July 2011 and August 2011" and (2) Exercise Price of attached Warrants have been adjusted to \$0.0002. The maturity dates of those convertible notes have been extended for two years from their original maturity dates. The maturity dates of attached warrants have been extended for five years from their original maturity dates.

On April 23, 2012, the Company and the Note holder entered into another Amendment Agreement, which further clarified scope covered by the Amendment Agreement dated September 16, 2011 to include convertible notes and warrants issued in September 2011 in the Amendment Agreement.

In addition, based on certain term included in the related Security Purchase Agreement, the conversion price of all convertible notes and the exercise price of all warrants issued prior to September 16, 2011 should be reduced to \$0.0002

As a result of the two Amendment Agreements and certain term of related Security Purchase Agreement, (1) the conversion price of all convertible notes and (2) the exercise price of attached warrants, which were dated on or before September 16, 2011 has been changed to \$0.0002. The maturity dates of convertible notes have been extended for two years from their original maturity dates and maturity dates of attached warrants have been extended for five years from original maturity dates.

The price adjustment was not taken into consideration during the calculation of fair market value of derivative liabilities of convertible notes and warrants at June 30, 2012. This restatement reflects the correction of this calculation.

The effect of the restatement on specific line items in the financial statements as of June 30, 2012 and for the year ended June 30, 2012 is set forth in the table below:

|                             | Consolidated Balance Sheet as of June 30,<br>2012 |               |                |
|-----------------------------|---------------------------------------------------|---------------|----------------|
|                             | Previously<br>Reported                            | Adjustments   | As Restated    |
| Derivative liability        | \$1,099,300                                       | \$6,944,277   | \$8,043,577    |
| Total current liability     | \$2,007,586                                       | \$6,944,277   | \$8,951,863    |
| Total liabilities           | \$4,703,909                                       | \$6,944,277   | \$11,648,186   |
| Additional paid-in capital  | \$5,997,590                                       | \$1,351,556   | \$7,349,146    |
| Accumulated deficit         | \$(9,359,278)                                     | \$(8,295,833) | \$(17,655,111) |
| Total shareholders' deficit | \$(3,303,470)                                     | \$(6,944,277) | \$(10,247,747) |

Consolidated Statements of  
Comprehensive Loss for the twelve  
months ended June 30, 2012

|                                               | Previously<br>Reported | Adjustments     | As Restated     |
|-----------------------------------------------|------------------------|-----------------|-----------------|
| Change in fair value of derivative instrument | \$ 1,205,679           | \$ 7,839,881    | \$ 9,045,560    |
| Interest expense                              | \$ 509,920             | \$ 455,952      | \$ 965,872      |
| Other (income) expenses                       | \$ 1,722,336           | \$ 8,295,833    | \$ 10,018,169   |
| Loss before income tax                        | \$ (2,337,025)         | \$ (8,295,833 ) | \$ (10,632,858) |
| Net loss                                      | \$ (2,337,025)         | \$ (8,295,833 ) | \$ (10,632,858) |

Consolidated Statement of Cash Flows for  
the year ended June 30, 2012

|                                               | Previously<br>Reported | Adjustments     | As Restated     |
|-----------------------------------------------|------------------------|-----------------|-----------------|
| Net loss                                      | \$ (2,337,025)         | \$ (8,295,833 ) | \$ (10,632,858) |
| Change in fair value of derivative instrument | \$ 1,205,679           | \$ 7,839,881    | \$ 9,045,560    |
| Non-cash interest expense                     | \$ 330,421             | \$ 455,952      | \$ 786,373      |

Consolidated Statements of Changes  
in Stockholders' Deficit for the year  
ended June 30, 2012

|                                                 | Previously<br>Reported | Adjustments | As<br>Restated |
|-------------------------------------------------|------------------------|-------------|----------------|
| Derivative liability related to notes converted | \$ 838,067             | \$ 625,671  | \$ 1,463,738   |
| Forgiveness of convertible notes - shareholder  | \$ 56,251              | \$ 725,885  | \$ 782,136     |

## NOTE 17 – SUBSEQUENT EVENT

July 13, 2012 - 28,430,000 common shares issued for conversion of \$ 9,350 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

July 13, 2012 – 17,100,000 common shares issued for a new equity investment in the Company. The securities described above were issued to “accredited” investors, as such term is promulgated by the SEC. In reliance upon such accredited investor’s representation as an “accredited investor,” among other representations, the offer and issuance of the securities described above are exempt from the registration requirements under the Securities Act of 1933, as

amended (the “Securities Act”), pursuant to Section 4(2) thereof and in reliance upon Rule 506 of Regulation D promulgated by the SEC. No natural person beneficially or entity owns, directly or indirectly, more than 10% of any class of equity securities.

August 3, 2012, the Company reached an agreement with various investors in the Corporation who held certain rights to buy common stock in the Corporation (Warrant Holders). The Warrant Holders and the Company agreed that it is in the best interests of the Warrant Holders, the Corporation and common stockholders to cancel a total of 60.825 million warrants.

All of these warrants had strike prices that were above the closing bid price on the day before the agreement was reached, thus were considered “in the money” warrants. No compensation of any type was given to Warrant Holders who canceled their warrant positions. These warrants were granted on the following dates in the following amounts:

|                    |            |
|--------------------|------------|
| June 8, 2011       | 3,658,536  |
| June 21, 2011      | 619,024    |
| June 21, 2011      | 975,609    |
| July 27, 2011      | 1,219,512  |
| August 1, 2011     | 17,926,829 |
| August 16, 2011    | 1,219,512  |
| August 29, 2011    | 731,707    |
| September 7, 2011  | 3,048,780  |
| September 16, 2011 | 20,731,707 |
| September 21, 2011 | 4,444,444  |
| September 26, 2011 | 6,250,000  |

August 21, 2012 – 21,000,000 common shares issued for conversion of \$ 4,200 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 17, 2012 – 30,000,000 common shares issued for conversion of \$ 6,000 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

October 2, 2012 – 14,250,000 common shares issued for conversion of \$ 2,850 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

November 16, 2012 - The Company issued promissory notes to an accredited investor for a cash investment of \$ 58,000 into the Company, a form which is convertible into shares of the Company's common stock at a fixed conversion price equal to the lesser of the fixed conversion price of \$0.0014, or seventy five percent (75%) of the average of the closing bid price of the common stock as reported by Bloomberg LP for the principal market for the 5 trading days preceding the conversion date. As part of this transaction the Company also issued to the subscriber a warrant to purchase an additional 41,000,000 shares of common stock at \$ 0.0014 .

November 29, 2012 - 49,192,308 common shares issued for conversion of \$ 9,838 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

In February 19, 2013 - The Company reached agreements with holders of notes dated September 2, 2011 and November 15, 2012. The terms of the agreements call for cancellation of 1,219,512 warrants relative to the September 2, 2011 Note and the cancellation of 27,619,048 warrant associated with the November 15, 2012 Note.

On February 19, 2013 – The Company reached an agreement with the holder of the May 9, 2011 convertible note. Under the terms of the agreement the note holder and the Company agreed to cancel 1,219,512 warrants associated with this Note.

On February 20, 2013 - The Company issued 20 million common shares for conversion of \$ 4,000 of convertible debt relating to notes dated March 31, 2009. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

On March 4, 2013 - The Company issued 890,774 shares for the exercise of warrants. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

On March 4, 2013 - The Company issued 4,225,000 common shares for conversion \$ 845 convertible note dated June 8, 2011. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

On March 4, 2013 - The Company issued 188,175 shares for the exercise of warrants relating to a warrant agreement entered into on June 8, 2011. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

On March 4, 2013 - The Company issued 20,000,000 common shares for conversion of \$ 4,000 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

On March 4, 2013 - The Company issued 2,816,901 common shares for conversion of debt relating to notes dated May 9, 2011. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

On March 6, 2013 – The Company announced it has received an investment led by a strategic partner. Under the terms of the agreement the three investor groups purchased 550,674,510 restricted common shares for a price \$ 307,500 . The company received gross proceeds of \$ 307,500 upon closing as there were no sales commissions or brokerage fees paid to any party. The Company plans to offer up to an additional 39,059,490 common stock at similar terms and may from time to time complete additional investor common stock purchase agreements. Securities purchased in this Offering may not be transferred or resold except as permitted under The Securities Act of 1933, as amended, and applicable state securities laws, pursuant to registration or exemption therefrom. Securities purchased in this Offering will be legended to reflect the foregoing rights and obligations. The Company reserves the right to accept or reject any subscription in its sole discretion for any reason whatsoever and to withdraw this Offering at any time prior to the acceptance of the subscriptions received. Subscription funds paid by a Subscriber whose subscription is rejected will be returned promptly without interest or deduction. The Securities Purchase Agreement contains customary representations and warranties and covenants of the Company and the Buyers. Pursuant to the terms of the Securities Purchase Agreement, the Company has agreed to provide customary indemnification to the Buyers, their affiliates and agents against certain liabilities.

On April 3, 2013, the Company reached an agreement with the holder of its revolving credit line. The parties agreed it was in the best interest of both parties to cancel repayment of \$ 236,397 of the balance of the revolving credit line carrying a percent simple annualized interest, due and payable on December 31, 2014.

On May 17, 2013, as also disclosed in the Medical Alarm Concepts Holdings, Inc. (the “Company”) definitive Schedule 14C Information Statement dated May 17, 2013, a majority in interest of the Common Stock holders approved an amendment to its Articles of Incorporation. The amendment is effective upon the filing of the Amended and Restated Articles of Incorporation with the Nevada Secretary of State. On June 7, 2013, the Company filed an Amendment to its Articles of Incorporation (the "Amendment") with the Nevada Secretary of State, affecting the increase of its authorized number of shares of Common Stock (the “Authorized Share Increase”). This amendment to the Company’s Articles of Incorporation increased the number of the Company’s authorized shares of common stock, par value \$ 0.001 per share, from 800,000,000 to 1,400,000,000 .

On May 28, 2013, the Company entered into an agreement with holders of its convertible debentures canceling all remanding warrants outstanding related to convertible notes dated March 2009 and all convertible notes dated at any time during 2011, 2012, or 2013. As of this date, all warrants outstanding have been cancelled.

On June 6, 2013 and June 18, 2013 - The Company issued a total of 25,000,000 common shares for conversion of \$ 5,000 of debt relating to notes dated July 27, 2011. The shares have not been registered under the Securities Act and

were not registered or qualified in any jurisdiction.

June 24, 2013, the company issued 69 million shares for conversion of \$ 13,800 of convertible debt. The shares have not been registered under the Securities Act and were not registered or qualified in any jurisdiction.

On June 25, 2013, the Company issued 481,674,510 restricted shares to various investors. The Company received total proceeds of \$ 277,500 . Securities purchased in this offering may not be transferred or resold except as permitted under The Securities Act of 1933, as amended, and applicable state securities laws, pursuant to registration or exemption therefrom. Securities purchased in this Offering will be legended to reflect the foregoing rights and obligations. The Securities Purchase Agreement contains customary representations and warranties and covenants of the Company and the Buyers. Pursuant to the terms of the Securities Purchase Agreement, the Company has agreed to provide customary indemnification to the Buyers, their affiliates and agents against certain liabilities.

On August 13, 2013 – The Company announced it has received \$ 22,500 from Allround Corp, the remaining gross proceeds of an investment led by a strategic partner. Under the terms of the agreement three other investor groups purchased 533,764,510 restricted common shares for a price \$ 307,500 . The company received gross proceeds of \$ 22,500 upon closing as there were no sales commissions or brokerage fees paid to any party. The Company plans to issue an additional 39,059,490 common stock at similar terms. Securities purchased in this Offering may not be transferred or resold except as permitted under The Securities Act of 1933, as amended, and applicable state securities laws, pursuant to registration or exemption therefrom. Securities purchased in this Offering will be legended to reflect the foregoing rights and obligations. The Securities Purchase Agreement contains customary representations and warranties and covenants of the Company and the Buyers. Pursuant to the terms of the Securities Purchase Agreement, the Company has agreed to provide customary indemnification to the Buyers, their affiliates and agents against certain liabilities.

**MEDICAL ALARM CONCEPTS HOLDIN, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

On August 14, 2013, the Company issued 7,269,231 restricted common shares to various investors for \$ 16,400 . Securities purchased in this offering may not be transferred or resold except as permitted under The Securities Act of 1933, as amended, and applicable state securities laws, pursuant to registration or exemption therefrom. Securities purchased in this Offering will be legended to reflect the foregoing rights and obligations. The Securities Purchase Agreement contains customary representations and warranties and covenants of the Company and the Buyers. Pursuant to the terms of the Securities Purchase Agreement, the Company has agreed to provide customary indemnification to the Buyers, their affiliates and agents against certain liabilities.

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