

# QUARTERLY UPDATE

## Year-End 2008 Financial Results and Business Update

Snapshot

March 31, 2009

The Medical House PLC (“TMH” or “the Company”) designs drug delivery device platforms for the pharmaceutical and biotechnology industries. Employing the right delivery device can be critical for determining treatment adherence and efficacy. TMH’s primary product line is a family of devices known as the ASI™ disposable autoinjector platform, which is intended to offer patients an easy, safe, and convenient means of self-injection. The ASI™ autoinjector is entirely automated—from needle insertion and medication injection to needle withdrawal and full retraction back into the device. When the shot is completed, the entire device unit is disposed. With an ASI™ autoinjector device, patients never see nor handle a syringe or needle, thereby reducing the anxiety that many people have about self-injections and eliminating the risk of accidental needlestick injuries. The ASI™ autoinjector also removes guesswork about dosing. Its prefilled syringes and automated delivery process ensure that patients receive accurate and consistent doses—a feature designed to improve treatment compliance and efficacy as well as reduce users’ dependence on clinicians. The Company has also developed a second delivery device platform—reusable needle-free jet injectors. TMH has received Europe’s CE Mark and the U.S. FDA’s 510(k) clearance for versions of the ASI™ autoinjector and the reusable needle-free jet injectors. Several entities have licensed TMH’s platforms as a means to deliver proprietary medications. TMH has partnerships for its ASI™ autoinjector platform with Dr. Reddy’s Laboratories Ltd. (RDY-NYSE), Catalent Pharma Solutions, Inc. and Stallergenes SA (GENP-EPA), and a European government agency, as well as with an undisclosed global pharmaceutical partner that licensed an ASI™ autoinjector system in an agreement with a minimum of £15 million in technology access fees projected over its first six years. Further, TMH has an agreement to launch its needle-free jet injector technology for injection of human Growth Hormone (hGH) in collaboration with Merck Serono International S.A.



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### Recent Financial Data

Ticker (Exchange)	MLH (LSE)*
Recent Price (03/31/2009)	£0.145
52-week Range	£0.12 – £0.32
Shares Outstanding	60.1 million
Market Capitalization	£8.7 million
Average 3-month Volume	26,271
Insider Owners +3%	33.90%
Institutional Owners	31.64%
EPS (Year ended 12/31/2008)	0.11p
Employees	30



\* Share information in British pound (£).  
On 03/31/2009, £1 = ~US\$1.43.

### Key Points

- As of March 2009, TMH had three disposable autoinjector projects and one needle-free injector project in progress. The Company expects to launch two of these products during the next 12 months: (1) a reusable needle-free jet injector for Merck Serono; and (2) an ASI™ autoinjector device variant for Dr. Reddy’s.
- On March 12, 2009, TMH announced its preliminary financial results for the year ended December 31, 2008. TMH had revenue of £2.9 million in 2008 versus £780,000 for the six-month period ended December 31, 2007.
- TMH reported a record operating profit before exceptional items of £768,000 in 2008. For the full-year 2008, the Company generated a net profit after tax of £64,000, or 0.11p per share on total operations, versus a loss of nearly £3.5 million, or (5.79p) per share on total operations, for the six months ended December 31, 2007.
- In 2006, the implantable/injectable drug delivery device market had revenues of \$9.8 billion worldwide and was forecast to reach \$12.6 billion by 2010, driven by patients’ demand for improved injection systems, drug manufacturers’ realization that novel devices can extend the life of products nearing patent expiration and provide a competitive edge, and growth of new biologic therapies that require long-term injectable therapies.
- Despite operating in a climate where accessing credit has generally become more challenging, TMH reduced its bank indebtedness from approximately £2.9 million at June 30, 2007, to £170,000 at December 31, 2008.

## Financial Results and Period Highlights

*Presented in the British pound (£), unless otherwise noted.*

### Year-End 2008 Financial Results

On March 12, 2009, TMH announced its preliminary financial results for the year ended December 31, 2008. The Company reported revenue of £2.9 million for the year versus £780,000 for the six-month period ended December 31, 2007. This is the first full-year financial report since the Company changed its year end in 2007, which is the reason that the 12-month 2008 numbers are compared to figures from only the last six months of 2007.

TMH reported administrative expenses during 2008 of almost £2.2 million versus administrative expenses for the last half of 2007 of approximately £1.2 million. The Company's resulting 2008 operating profit before exceptional items was £768,000, a record for TMH, versus £162,000 for the six months ended December 31, 2007. Pre-tax profit was £681,000 for 2008 versus a pre-tax loss of £194,000 for the 2007 six-month period. The pre-tax profit was before allowing for a loss from discontinued operation of £389,000 in respect of the settlement of the Eurocut Ltd. debt. Eurocut was formerly a subsidiary of TMH, as further detailed on page 7.

For the full-year 2008, TMH reported a profit of £64,000 or 0.11p per share on total operations and 0.75p per share on continuing operations. For the six months ended December 31, 2007, the Company reported a loss of nearly £3.5 million, or (5.79p) per share on total operations, and basic profit of 0.57p per share on continuing operations. The diluted profit per share on continuing operations for the 2007 six-month period was 0.55p.

Despite operating in a climate where accessing credit has generally become more challenging, TMH reduced its bank indebtedness from approximately £2.9 million at June 30, 2007, to £170,000 at December 31, 2008. Thus, at December 31, 2008, TMH had cash and cash equivalents of (£170,000) versus cash and cash equivalents of (£365,000) at December 31, 2007. The reduction in bank indebtedness was largely due to the sale of Eurocut's assets to Sandvik Medical Solutions Ltd. in May 2008, following the subsidiary's December 2007 sale to Semes Ltd. The sale of the assets resulted in TMH receiving a cash settlement of approximately £600,000, which helped reduce year-end bank indebtedness. However, the Company expects this figure to increase in the short term as TMH moves toward product launches.

### Period Highlights

During 2008, TMH achieved sales of almost £3 million, generated a record operating profit before exceptional items, and considerably reduced its bank indebtedness. In addition, the Company achieved the following developmental milestones during the year:

- Signed a development, licensing, and supply agreement for its ASI™ disposable autoinjector with Dr. Reddy's for an undisclosed drug;
- Granted U.S. Food and Drug Administration (FDA) approvals for the version of the ASI™ disposable autoinjector device being developed for Dr. Reddy's;
- Entered into a development, licensing, and supply agreement with Catalent to create a disposable autoinjector for use with epinephrine, which is to be distributed by Stallergenes; and
- Received FDA approval for the ASI™ disposable autoinjector device version that is designed for use with TMH's undisclosed global pharmaceutical partner's drug product.

For greater details of all of TMH's progress, regulatory approvals, and partnerships during 2008, refer to Crystal Research Associates' base report, the Executive Informational Overview® (EIO®), dated November 10, 2008, and available at [www.crystalra.com](http://www.crystalra.com).

## Company Background

The Medical House PLC (“TMH” or “the Company”) supplies medical devices for the pharmaceutical and biotechnology industries. At present, the Company’s lead initiative is its ASI™ disposable autoinjector family, which is a patented device platform technology. TMH is presently licensing versions of this technology to third parties that require a novel method to deliver new injectable medicines or enhance existing injectable drug products. The Company has designed a second delivery platform, needle-free jet injectors, which is also available for licensing. By offering easy to use, safe, comfortable, and economical delivery systems that do not require the involvement of a clinician to administer an injection, TMH aims to enable its pharmaceutical and biotechnology partners to increase sales of their medications.

TMH’s current licensing agreements include partnerships with Dr. Reddy’s Laboratories Ltd., which seeks to combine the ASI™ autoinjector platform with a generic product; Catalent Pharma Solutions, Inc. and Stallergenes SA, with which TMH has entered into a joint development, licensing, and supply relationship for the Adreflex™ epinephrine autoinjector; and a European government agency that is evaluating the ASI™ autoinjector technology for emergency applications; an undisclosed global pharmaceutical company that intends to employ the ASI™ autoinjector as its delivery platform for a new medicine; and Merck Serono International S.A. (a division of Merck KGaA [MRK-Frankfurt]), which seeks to market a human Growth Hormone (hGH) product using TMH’s reusable needle-free jet injectors.

As of March 2009, TMH had three disposable autoinjector projects and one needle-free injector project in progress. The Company expects to launch two of these products during the next 12 months. The first product launch is anticipated to be the reusable needle-free jet injector for Merck Serono, followed by the ASI™ autoinjector device variant being developed for Dr. Reddy’s. In addition to these two product launches, the Company believes that there could be potential for further licensing agreements, given the level of continued interest in its technology that TMH experiences from the pharmaceutical industry.

TMH offers its partners drug delivery services that include conceptual product design, development and customization, filing for the necessary regulatory approvals, and managing product manufacturing and supply. The Company is experienced at obtaining international regulatory approval for medical devices and believes that it can bring these systems to market in a relatively short period of time. Moreover, all of TMH’s systems enable the injection of a partner’s medication in its existing formulation and primary packaging systems (such as glass syringes)—features that the Company believes can facilitate rapid, cost-effective development programs and fast-tracked product launches.

### Injections

Traditionally, delivering medications via injections has been avoided by physicians and pharmaceutical companies wherever possible due to the required clinical expertise, inconvenience, high healthcare costs, safety concerns, and needle aversions that are associated with this delivery technique. It is estimated that up to 22% of the general population has an injection phobia that makes injecting treatments very difficult or even impossible (Source: the *Journal of Neuroscience Nursing* 2006). Through TMH’s extensive experience supplying medical devices, the Company has concluded that many patients who do not like injections or who fear needles frequently opt to not take their medications at all, which leads to ineffective therapies and worsening conditions. In addition, the conventional needle and syringe method that has been used for over a century subjects individuals to accidental punctures by the used needles that result in contact with another person’s blood or other bodily fluids. In the U.S., there are between 385,000 and 600,000 needlestick wounds annually. The diseases most commonly transmitted by needlestick injuries are hepatitis B, hepatitis C, and the human immunodeficiency virus (HIV).

Despite the drawbacks of injections, this route of drug delivery is expanding—in large part due to the use of new biologic therapies to treat chronic diseases. Unlike traditional synthetic pharmaceutical products, biologics are typically derived from naturally occurring therapeutic proteins, which often cannot be orally delivered as the gastrointestinal system begins to break down proteins before they can reach the desired site of action. As of 2007, there were over 400 biologics in clinical development in the U.S. for more than 200 disease targets, and over 1,700 biologics at either preclinical or clinical stages in Europe. TMH believes that injection may likely be the most viable method of administration for a large percentage of future biologics. In August 2008, the *Seattle Times* reported that the market for bioengineered and specialty medications was nearly \$59 billion, forecast to reach \$98 billion by 2011 as the pharmaceutical industry continues to focus its research in this area.

As a result, there may be considerable opportunity for medical device entities that can provide drug manufacturers with a preferred device platform that enables the self-administration of injectable drugs. To this effect, TMH believes that its delivery systems reduce patients' dependence on clinicians by offering a self-injection option, improve convenience and therapy management, enhance compliance with optimal therapy, overcome patients' needle aversions, eliminate needlestick injuries, and potentially benefit large-scale, rapid, or emergency injection programs.

### **TMH's Lead Product Line: ASI™ Disposable Autoinjector Platform**

Autoinjectors are devices that automatically inject a needle and deliver the desired amount of medication. Several studies have suggested that autoinjectors can reduce pain and anxiety in patients versus conventional syringes and may also help defray treatment costs, as most individuals can use the device at home and do not require the assistance of a skilled professional clinician. The Company's ASI™ disposable autoinjector device is easy and intuitive to use, with minimal operating steps. Unlike some competitive products, the ASI™ autoinjector offers licensees a range of options for actuation of a device to be used in conjunction with particular drugs—in order to tailor operation and ergonomics of the device to the specific needs of each patient population.

Typically, patients merely remove the safety cap and place the autoinjector against their skin; actuation is effected either by applying a pre-determined level of force to the device or by means of a button or trigger. The spring-loaded ASI™ autoinjector platform does the rest—automatically injecting the patient, delivering the medication to the required tissue depth, and (unlike some competing technologies) automatically retracting the needle back into the autoinjector device after the completion of an injection. Audible, visual, and tactile signals indicate when the injection is complete. After an indicator window turns a different color, signaling that the injection is complete, the patient can safely dispose of the entire device without exposing any persons to accidental needlestick injury. The patient never sees the needle at any point of the injection process.

The patient is given a consistent, accurate dose each time—a critical feature of efficacious treatments. TMH believes that its simple design offers several advantages over competing devices. Most notably, these include ease of use, patient convenience, improved reliability (as there are fewer components that can malfunction), and reduced manufacturing costs because the device does not require complicated or numerous parts. Figure 1 (page 5) summarizes the features and benefits of TMH's ASI™ autoinjector family, with greater details provided on pages 21-26 of Crystal Research Associates' EIO® (available at [www.crystalra.com](http://www.crystalra.com)).

Figure 1  
The Medical House PLC  
FEATURES AND BENEFITS OF TMH'S AUTOSAFETY INJECTOR (ASI™) AUTOINJECTOR

*Convenience and Comfort*

- Simple User Process with “On-board” Drug
- Automated Needle Insertion, Drug Delivery, and Needle Retraction
- No Visible Needle

*Reliability*

- Reproducible Injection Results without a Specialist’s Expertise
- Audible, Visual, and Tactile Indicators of Injection Completion

*Versatility*

- Choice of Dosing Options
- Suitable for a Wide Range of Compounds

*Safety*

- Needle Automatically Retracted and Secured After Injection
- Disposable Device with No Exposed Sharps
- Drug Inspection Window



*Rapid Commercialization*

- Incorporates Drugs in Existing Syringe or Cartridge Presentations
- Avoids Long and Costly Repackaging Projects

*Cost Effectiveness*

- No Need for a Clinician to Administer
- Minimal Number of Device Components
- Simple Production Processes

*Sources: The Medical House PLC, Catalent Pharma Solutions, Inc., and Crystal Research Associates, LLC.*

*Customized Autoinjectors*

TMH possesses comprehensive development capabilities for off-the-shelf product designs as well as for more unique solutions tailored to its customers’ specific requirements, whether the licensee seeks to launch a new product, extend an existing product line, or market a generic medicine. The ability to customize its autoinjectors is a vital factor for TMH, as licensees often have unique delivery needs ranging from injection duration (e.g., rapid or slow) and dose volume to medication viscosity and depth of injection (e.g., subcutaneous or intramuscular). The ASI™ autoinjector platform is capable of injecting standard non-viscous liquid compounds and sustained-release (viscous) formulations, as well as reconstituting and injecting dry (e.g., freeze-dried) formulations. Typically, a licensee funds the device customization process, which may entail new production tooling and testing for regulatory purposes, among other activities.

*Regulatory Clearances*

In Europe, four ASI™ autoinjector device versions (subcutaneous, intramuscular, viscous, and non-viscous) are covered by the CE Mark, a regulatory approval indicating conformity to European directives. In the U.S., the Food and Drug Administration (FDA) granted a viscous drug version of the ASI™ autoinjector family a 510(k) medical device clearance in March 2008, which represented the first U.S. approval for the Company’s disposable autoinjector technology. In October 2008, TMH received a second 510(k) clearance for the use of its technology with a non-viscous medicine as well.

**TMH’s Needle-free Jet Injectors**

TMH has also designed a reusable needle-free jet injector platform. Its reusable needle-free jet injectors have received both Europe’s CE Mark and the FDA’s 510(k) clearance. Due to the chemical composition and required dose volumes as well as the likely need for extensive clinical evaluations, there are presently few products for which needle-free delivery is deemed to be commercially appropriate; however, both insulin and hGH are currently delivered through jet injectors. Needle-free drug delivery is forecast to reach \$3 billion by 2010, in part due to growth in the needle-free administration of vaccines (Source: Kalorama Information, a publisher of research for medical markets, 2007). TMH is partnered with Merck Serono for the delivery of hGH to children and adolescents via a reusable needle-free jet injector.

Roughly 1 in every 10,000 children is born with an hGH deficiency, and some countries report rates as high as 1 in 4,000. The Human Growth Foundation, Inc. estimates that 10,000 to 15,000 children and approximately 70,000 adults in the U.S. have growth failure due to hGH deficiency.

## Market Opportunity

In 2006, the implantable/injectable drug delivery device market reported revenues of \$9.8 billion worldwide, forecast to reach \$12.6 billion in 2010 driven by demand for new delivery device technologies. Factors fueling market expansion include an aging global population that values easy to use, safe, and low-cost medications; the pharmaceutical industry's realization that novel delivery methods can extend the life of products nearing patent expiration and provide a competitive edge; and generic manufacturers' desire to incorporate novel devices that supply their bioequivalent products with distinct, differentiating features. Kalorama's *Drug Delivery Markets, Edition 2 Volume II: Implantable/Injectable Systems* (2007) postulated that drug delivery techniques could continue to be a focal point of competition in the pharmaceutical industry—determining a product's success versus failure for the next decade.

The autoinjector sector in particular is expanding. Of the currently commercialized therapeutic proteins for chronic diseases, more than two-thirds are supplied in an autoinjector or injection pen format (Source: Greystone Associates, a provider of pharmaceutical market reports, May 2008). Growth drivers include legislation requiring the use of safer injection products, and trends toward patients taking an active role in their treatments (i.e., refusing to use antiquated, uncomfortable, or inconvenient devices).

Autoinjectors are also beneficial for medications that are losing patent protection and are likely to be subject to intense generic competition (Source: *Innovations in Pharmaceutical Technology* 2007). By 2012, generics are expected to replace approximately \$70 billion in annual sales in the U.S. alone as more than 36 medicines go off-patent. TMH believes that companies with products losing patent protection could use its patented ASI™ autoinjector device to extend sales of their medications. Additionally, the growth of generic competition presents further opportunities for autoinjectors, as many of these entities may seek to incorporate a novel delivery device to create more competitive generics that could command a higher price than they otherwise might without an accompanying self-injection system.

### *Anti-tumor Necrosis Factor Alpha (TNF $\alpha$ ) Application*

Potentially, one of the largest upcoming applications for disposable autoinjectors is the delivery of anti-TNF $\alpha$  products. TNF $\alpha$  is a protein produced by white blood cells that has an important role in the body's inflammatory processes. Two of the primary products in the anti-TNF $\alpha$  market already employ disposable autoinjectors: (1) Amgen, Inc.'s (AMGN-NASDAQ) ENBREL®, which uses the ENBREL® Single-use Prefilled SureClick™ Autoinjector; and (2) Abbott Laboratories' (ABT-NYSE) HUMIRA®, which uses the HUMIRA® Pen. Both ENBREL® and HUMIRA® are approved to treat rheumatoid arthritis (RA), chronic moderate-to-severe plaque psoriasis, juvenile arthritis, and psoriatic arthritis, among other conditions. In 2007, ENBREL® generated global sales of approximately \$5.3 billion and HUMIRA® had worldwide sales of roughly \$3.1 billion. By 2012, the total global market for anti-TNF $\alpha$  products could exceed \$20 billion (Source: Arana Therapeutics Ltd. [AAH-ASX]).

TMH believes that because both Amgen and Abbott use disposable autoinjectors, any other company seeking to enter the injectable anti-TNF $\alpha$  market will likely also need a disposable autoinjector in order to be competitive. The disposable autoinjector sector is estimated to contain only a relatively small number of active companies and is believed to be largely defined by intellectual property barriers and the regulatory status of devices. As such, TMH views itself as well positioned to capitalize on entrants to this space that may have not yet selected a delivery device for their anti-TNF $\alpha$  pipeline products.

## History, Headquarters, and Employees

TMH, a holding company, was founded in 1998 and admitted to the London Stock Exchange's (LSE) Alternative Investment Market (AIM) in 2000. Prior to this, the Company had operated as Eurocut Ltd. since 1987. Eurocut, which subsequently became a wholly owned subsidiary of TMH, specialized in product development, engineering, and contract manufacturing for the orthopedics industry—ultimately developing over 1,000 devices for medical companies. During this time, the Company did not own any of the intellectual property related to these devices; it only manufactured complex orthopedic components for which there were few other manufacturers. Management believes that Eurocut was one of Europe's leading orthopedic contract manufacturers during the 1990s.

However, over time, India and China began to emerge as regions with considerable low-cost production capabilities. Given that Eurocut did not own the intellectual property and theoretically its customers could relocate to manufacturers in India or China at any time, the Company opted to begin evaluating diversified business opportunities where it could leverage its design skills and attain ownership of intellectual property. Thus, in 2001, TMH created a drug delivery division based on management's market research into the drug delivery arena during the 1990s, its designers' skill with medical devices, and the Company's connections and reputation within the medical industry. This division is now called Medical House Products Ltd. ([www.tmh-drugdelivery.com](http://www.tmh-drugdelivery.com)), a wholly owned subsidiary of TMH.

In December 2007, following a slowdown in the Company's orthopedic businesses, Eurocut and its related subsidiary Medical House Orthopaedics Ltd were sold to Semes Ltd. Semes was formed by Eurocut's managing director, Mr. Stephen Shaw, to acquire Eurocut in a leveraged buyout transaction. This transaction represented the elimination of the Company's orthopedic manufacturing division, thereby allowing TMH to channel resources toward continued market adoption of its drug delivery devices, believed to be an expanding business area.

TMH is incorporated and headquartered in Sheffield, UK. The Company's functional currency is the pound sterling. TMH presently employs approximately 30 individuals.

### *Quality Standards*

The Company's quality management systems have been certified as being compliant with International Organization for Standardization (ISO) standards 9001:2000 and ISO 13485:2003. Businesses that adopt these voluntary international standards can develop and market products and services meeting specifications that have wide international acceptance. ISO 9000 pertains to quality management and quality assurance and ISO 13485 specifically governs quality systems relating to medical devices.

## Key Points to Consider

- TMH specializes in the design, development, licensing, and supply of self-injection device platforms for the pharmaceutical and biotechnology industries. The Company is committed to providing safe, convenient, comfortable, and cost-efficient forms of drug delivery, believing that the right device can improve patient compliance and thus a therapy's effect, as well as increase demand for the pharmaceutical products incorporated within TMH's systems.
- The Company supplies two primary drug delivery device platforms: (1) the disposable, needle-based AutoSafety Injector (ASI™) autoinjector system; and (2) reusable needle-free jet injectors. At present, TMH has three disposable autoinjector projects and one needle-free jet injector project in progress. Within the next 12 months, TMH expects to launch a reusable needle-free jet injector for Merck Serono International S.A. and an ASI™ autoinjector device for Dr. Reddy's Laboratories Ltd.
- TMH's lead product line is its family of ASI™ disposable autoinjector technologies, which can be used for a wide array of elective therapies as well as emergency treatments. This technology is entirely automated—from needle insertion and medication injection to needle withdrawal and full retraction back into the device. The needle is hidden from view at all times in the ASI™ autoinjector, and with the right gauge of needle, patients will likely not even feel the injection. The Company believes its platform combines ease of use, versatility, cost-effectiveness, safety, and reliability into one convenient device.
- Four ASI™ autoinjector versions and the reusable needle-free jet injectors hold CE Mark approval in Europe. TMH also has 510(k) medical device clearances in the U.S. for the ASI™ autoinjector systems with viscous and non-viscous compounds and for the reusable needle-free jet injectors.
- The Company has licensing agreements for its ASI™ disposable autoinjector platform with Dr. Reddy's, Catalent Pharma Solutions, Inc. and Stallergenes SA, and a European government agency, as well as with an undisclosed global pharmaceutical company. TMH is also partnered with Merck Serono, which seeks to launch a human Growth Hormone (hGH) product using the reusable needle-free jet injectors.
- Many injectable treatments can cost thousands of dollars a year or more and must be administered frequently by the patient. TMH believes that the device itself can sway an individual's selection of a particular therapy and can influence compliance to the treatment regimen. The Company further believes that licensees of its patient-preferred autoinjector use the platform as a marketing tool to differentiate their injectable medications from their competitors' products.
- Once the pre-filled ASI™ autoinjector is marketed in conjunction with a medicine, TMH believes that it is likely for patients to view the device as the therapy itself. This perspective may enable TMH to position its technology at the core of a licensee's long-term commercial strategy for a given compound and thus extend license agreements for the life of the medication.
- The implantable/injectable drug delivery device market reported global sales of \$9.8 billion in 2006 and was forecast to be \$12.6 billion by 2010, driven by patients' demand for improved injection systems, drug manufacturers' realization that novel devices can extend the life of products nearing patent expiration and provide a competitive edge, and growth of new biologic therapies requiring long-term injections.
- TMH believes that its technologies, associated intellectual property, pre-existing regulatory approvals, and experience in managing device customization and industrialization projects represent significant barriers to entry in an expanding worldwide market that has a modest number of participants. The core ASI™ autoinjector technology is patented in the UK and the EU (pending in the U.S.), with further patent families also pending in the UK, EU, and globally under the Patent Cooperation Treaty (PCT).

- TMH supports the concept of an effective Board leading and controlling the Company, which includes approving corporate strategy and policy. Its leadership has expertise in a range of fields, such as intellectual property licensing, corporate recovery, finance, and transactions; sales and product management; and experience establishing companies in the medical sector.
- Despite operating in a climate where accessing credit has generally become more challenging, TMH reduced its bank indebtedness from approximately £2.9 million at June 30, 2007, to £170,000 at December 31, 2008, resulting in a cash and cash equivalents position at December 31, 2008, of (£170,000).

## Risks

Some of the information in this Quarterly Update relates to future events or future business and financial performance. Such statements can only be illustrative and the actual events or results may differ from those described. The content of this update with respect to TMH has been compiled primarily from information available to the public and released by the Company through various filings to the London Stock Exchange (LSE) and other publications. TMH is solely responsible for the accuracy of that information. Information about other companies has been prepared from publicly available documents and has not been independently verified by TMH. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about the Company, please refer to the Company's website at [www.themedicalhouse.com](http://www.themedicalhouse.com). Additionally, for more comprehensive details of TMH's risk factors, please refer to Crystal Research Associates' base report, the Executive Informational Overview<sup>®</sup> (EIO<sup>®</sup>) dated November 10, 2008, and located on Crystal Research Associates' website at [www.crystalra.com](http://www.crystalra.com).

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# Crystal Research

a s s o c i a t e s

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