UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED **JULY 31, 2011**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: **000-25809**

APOLLO MEDICAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-8046599**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

450 N. Brand Blvd., Suite 600
Glendale, California 91203
(Address of principal executive offices)

(818) 396-8050
Issuer's telephone number:

(Former Name or Former Address, if Changed Since Last Report)

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 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

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

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

As of September 10, 2011, there were 29,335,774 shares of the registrant's common stock, $0.001 par value per share, issued and outstanding.

APOLLO MEDICAL HOLDINGS, INC.

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FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2011 AND 2010

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APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	July 31, 2011	January 31, 2011
CURRENT ASSETS		
Cash and cash equivalents	$ 343,150	$ 397,101
Accounts receivable, net	708,620	704,971
Receivable from officers	24,866	24,873
Due from affiliate	4,700	3,900
Prepaid expenses	14,180	29,138
Prepaid financing cost, current	37,500	37,500
Total current assets	1,133,016	1,197,483
Prepaid financing cost, long term	20,312	39,063
Property and equipment – net	15,720	21,593
Intangible assets	577,500	-
TOTAL ASSETS	$ 1,746,548	$ 1,258,139
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 277,349	$ 92,745
Contingent consideration payable (see Note 16)	367,500	-
Total current liabilities	644,849	92,745
Convertible notes	1,248,990	1,248,588
Total liabilities	1,893,839	1,341,333
STOCKHOLDERS' DEFICIT:		
Preferred stock, par value $0.001 ; 5,000,000 shares authorized; none issued	-	-
Common Stock, par value $0.001; 100,000,000 shares authorized, 28,985,774 and 27,635,774 shares issued and outstanding as on July 31, 2011 and January 31, 2011, respectively	28,986	27,636
Additional paid-in-capital	1,344,734	1,058,418
Accumulated deficit	(1,749,126)	(1,397,363)
Total	(375,406)	(311,309)
Non-controlling interest	228,115	228,115
Total stockholders' deficit	(147,291)	(83,194)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 1,746,548	$ 1,258,139

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTH PERIOD ENDED JULY 31, 2011 AND 2010
(UNAUDITED)

	For the Three Month Period ended July 31,		For the Six Month Period ended July 31,	
	2011	2010	2011	2010
REVENUES	$ 1,093,708	$ 1,039,695	$ 2,133,400	$ 1,842,580
COST OF SERVICES	939,336	864,719	1,886,825	1,539,405
GROSS PROFIT	154,371	174,976	246,575	303,175
Operating expenses:				
General and administrative	235,130	190,516	511,485	275,708
Depreciation	2,580	2,993	5,873	5,999
Total operating expenses	237,710	193,509	517,358	281,707
PROFIT/(LOSS) FROM OPERATIONS	(83,339)	(18,533)	(270,783)	21,468
OTHER EXPENSES:				
Interest expense	(31,603)	(31,465)	(63,177)	(62,988)
Financing cost	(9,375)	(9,375)	(18,750)	(18,750)
Other (income) expense	1,484	(757)	2,546	97
Total other expenses	(39,494)	(41,597)	(79,381)	(81,641)
LOSS BEFORE INCOME TAXES	(122,834)	(60,130)	(350,164)	(60,173)
Provision for income tax	-	-	1,600	800
NET LOSS	$ (122,834)	$ (60,130)	$ (351,764)	$ (60,973)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING, BASIC AND DILUTED	28,985,774	27,452,197	28,819,752	27,342,771
*BASIC AND DILUTED NET LOSS PER SHARE	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.00)

*Weighted average number of shares used to compute basic and diluted loss per share is the same since the effect of dilutive securities is anti-dilutive.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIXMONTH PERIODS ENDED JULY 31, 2011 AND 2010
(UNAUDITED)

	For six month periods ended July 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (351,764)	$ (60,973)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	5,873	5,999
Bad debt expense	-	(64,566)
Issuance of shares for services	63,000	47,167
Non-cash stock option expense	14,666	-
Amortization of prepaid commission cost	18,750	18,750
Amortization of debt discount	402	403
Changes in assets and liabilities:		
Accounts receivable	(3,649)	(100,650)
Receivable from officers	7	(182)
Prepaid expenses	14,960	17,599
Accounts payable and accrued liabilities	184,604	10,205
Net cash used in operating activities	(53,151)	(126,248)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment	-	(4,568)
Due from related parties	(800)	(800)
Net cash used in investing	-	(5,368)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from shares issued	-	211
NET DECREASE IN CASH & CASH EQUIVALENTS	(53,951)	(131,405)
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	397,101	665,737
CASH & CASH EQUIVALENTS, ENDING BALANCE	$ 343,150	$ 534,332
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid during the quarter	$ 62,500	$ 62,586
Taxes paid during the quarter	$ 1,600	$ 1,600
NONCASH FINANCING ACTIVITIES		
Common stock issue for acquisition of AHI (see Note 16)	$ 210,000	$ -
Contingent consideration payable (see Note 16)	$ 367,500	$ -

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

1. Description of Business and Merger

Apollo Medical Holdings, Inc. (“Apollo” or the “Company”) is a leading provider of hospitalist services in the Greater Los Angeles, California area. Hospitalist medicine is organized around the admission and care of patients in an inpatient facility such as a hospital or skilled nursing facility and is focused on providing, managing and coordinating the care of hospitalized patients. Apollo Medical Holdings, Inc. operates as a medical management holding company that focuses on managing the provision of hospital-based medicine through a wholly owned subsidiary-management company, Apollo Medical Management, Inc. (“AMM”). Through AMM, the Company manages affiliated medical groups, which presently consist of ApolloMed Hospitalists (“AMH”) and Apollo Medical Associates (“AMA”). AMM operates as a Physician Practice Management Company (“PPM”) and is in the business of providing management services to Physician Practice Companies (“PPC”) under Management Service Agreements.

On February 15, 2011, the Company completed a merger ("Merger"), whereby Aligned Healthcare Group, Inc. became a wholly-owned subsidiary of Apollo Medical Holdings, Inc. The Merger was effected pursuant to Stock Purchase Agreement, dated February 15, 2011, by and among Aligned Healthcare Group – California, Inc., Raouf Khalil, Jamie McReynolds, M.D. BJ Reese and BJ Reese & Associates, LLC, under which the Company acquired all of the issued and outstanding shares of capital stock (the “Acquisition”) of Aligned Healthcare, Inc., a California corporation (“AHI”), from AHI’s shareholders. AHI is engaged in the business of operating 24-hour physician call centers and provides specialized care management services (See Note 16).

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Apollo in accordance with U.S. generally accepted accounting principles for interim financial statements. The statements consist solely of the management company, Apollo Medical Holdings, Inc. prior to August 1, 2008. Commencing with the Company’s third quarter on August 1, 2008, and concurrent with the execution of the Management Services Agreement, the statements reflect the consolidation of AMM, AMH and AHI, in accordance with EITF 97-2, Application of FASB Statement No. 94 and APB Opinion No. 16 to Physician Management Entities and Certain Other Entities with Contractual Management Agreements. In management’s opinion, all adjustments, consisting of normal recurring adjustments necessary for the fair presentation of the results of the interim periods are reflected herein. Operating results for the three month period ended April 30, 2011 are not necessarily indicative of future financial results.

The condensed consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain all of the information that is included in the annual financial statements and notes of the Company. The condensed consolidated financial statements and notes presented herein should be read in conjunction with the financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended January 31, 2011.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Intangible Assets

Definite-life intangible assets are regularly reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use plus its residual value. If such an asset is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis.

Reclassification

Certain comparative amounts have been reclassified to conform to the three month periods ended July 31, 2011 and 2010.

Fair Value of Financial Instruments

ASC Codification Topic 820 – Fair Value Measurements and Disclosures, requires disclosure of fair value information about financial instruments. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as July 31, 2011. The respective carrying value of certain on-balance sheet financial instruments approximated their fair values.

These financial instruments include cash and cash equivalents, accounts payable and accrued expenses. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand.

Fair value measurements are market-based measurements, not entity-specific measurements. Therefore, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. We follow a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable in active markets.

Credit and Supply Risk

The Company's case rate and capitation revenues, reported by Apollo's affiliate, AMH, are governed by contractual agreements with medical groups/IPA's and hospitals. As a result, receivables from this business are generally fully collected. The Company does face issues related to the timing of these collections, and the Company must assess the level of earned but uncollected revenue to which it is entitled at each period end. The Company does face collection issues with regard to its fee-for-service revenues. One is the estimation of the amount to be received from each billing since the Company invoices on a Medicare schedule and each of many providers remits payment on a reduced schedule. The Company has to estimate the amount it will ultimately receive from each billing and properly record revenue. The Company's three largest contracts accounted for 40.9%, 14.1% and 8.4%, respectfully in the three months ended July 31, 2011.

Recently Issued Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-29, *Business Combinations, Disclosure of Supplementary Pro Forma Information for Business Combinations* ("ASU 2010-29"), which provides clarification regarding pro forma revenue and earnings disclosure requirements for business combinations. The amendments in this ASU specify that if a public entity presents comparative financial statements, the entity should disclose only revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The Company adopted ASU 2010-29 during the first interim reporting period of 2011 as it relates to pro-forma disclosure of the Company's acquisitions. The adoption of ASU 2010-29 did not have a material impact on the Company's consolidated financial statements.

ASU No. 2010-28, *Intangibles — Goodwill and Other, When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* ("ASU 2010-28") was issued in December 2010. The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. The Company adopted ASU 2010-28 for the quarter ending March 31, 2011.

Employee Stock Options and Stock-based Compensation

The Company's 2010 Equity Incentive Plan (the "Plan") provides for the granting of the following types of awards to persons who are employees, officers, consultants, advisors, or directors of our Company or any of its affiliates:

Under the Plan, the Company may issue a variety of equity vehicles to provide flexibility in implementing equity awards, including incentive stock options, nonqualified stock options, restricted stock grants and stock appreciation rights. The exercise price of stock options offered under the Plan shall not be less than the fair market value of the Company's common stock on the date of the grant. The exercise price of an ISO granted to any person who owns, directly or by attribution under the Code (currently Section 424(d)), stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any affiliate (a "10% Stockholder") shall in no event be less than 110% of the fair market value (determined in accordance with Section 6.1.10) of the stock covered by the option at the time the option is granted.

Subject to the adjustment provisions of the Plan that are applicable in the event of a stock dividend, stock split, reverse stock split or similar transaction, up to 5,000,000 shares of common stock may be issued under the Plan. Options granted under the Plan generally vest over a three-year period and generally expire ten years from the date of grant.

All share-based payments to employees, including grants of employee stock options, are recognized in the financial statements based on their fair values.

Stock options and warrants issued as compensation for services to be provided to the Company by non-employees are accounted for based upon the fair value of the services provided or the estimated fair value of the option or warrant, whichever can be more clearly determined. The Company recognizes this expense over the period in which the services are provided. This expense is a non-cash charge and has no impact on the Company's available cash or working capital.

There were no stock options issued or exercised during the three and six months ended July 31, 2011 or 2010. The Company issues new shares to satisfy stock option exercises.

Basic and Diluted Earnings Per Share

In accordance with ASC Topic 260, "Earnings Per Share," basic net loss per share is calculated using the weighted average number of shares of the Company's common stock issued and outstanding during a certain period, and is calculated by dividing net loss by the weighted average number of shares of the Company's common stock issued and outstanding during such period. Diluted net loss per share is calculated using the weighted average number of common and potentially dilutive common shares outstanding during the period, using the as-if converted method for secured convertible notes, and the treasury stock method for options and warrants.

Cash and Cash Equivalents

Cash and cash equivalents at July 31, 2011 was $343,150 and included cash in bank representing the Company's current operating account and $85,068 in a brokerage money market account.

Revenue Recognition

The Company recognizes Case Rate, Hourly and Capitation revenue when persuasive evidence of an arrangement exists, service has been rendered, the service rate is fixed or determinable, and collection is reasonably assured. Fee for Service revenues are recorded at amounts reasonably assured to be collected. The determination of reasonably assured collections is based on historical Fee for Service collections as a percent of billings. The provisions are adjusted to reflect actual collections in subsequent periods.

The estimation and the reporting of patient responsibility revenues is highly subjective and depends on the payer mix, contractual reimbursement rates, collection experiences, judgment and other factors. The Company's fee arrangements are with various payers, including managed care organizations, hospitals, insurance companies, individuals, Medicare and Medicaid.

3. Uncertainty of ability to continue as a going concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company continues to incur operating losses and has an accumulated deficit of $1,749,126 as of July 31, 2011. In addition, the Company has a total stockholders' deficit of $147,291 and generated a negative net cash flow operating activities for the six months ended July 31, 2011 of $53,151.

The financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

To date the Company has funded its operations from both internally generated cash flow and external sources, and the proceeds available from the private placement of convertible notes which have provided funds for near-term operations and growth. The Company will pursue additional external capitalization opportunities, as necessary, to fund its long-term goals and objectives. Since the three month period ended April 30, 2011, Management has taken action to strengthen the Company's working capital position which will allow the Company to generate sufficient cash to meet its operating needs through January 31, 2012 and beyond. The Company has implemented a cost savings initiative to reduce operating expenses and is currently exploring alternative sources of equity and debt financing. We may seek to raise such capital through public or private equity financings, partnerships, joint ventures, disposition of assets, debt financings, bank borrowings or other sources of financing. In addition, the losses the Company has generated in 2012, are primarily the result of additional costs incurred in connection with our acquisition of AHI and physician costs added in anticipation of new revenue generated through new hospitalist and care management contracts.

No assurances can be made that management will be successful in achieving its plan. If the Company is not able to raise substantial additional capital in a timely manner, the Company may be forced to cease operations.

4. Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible, based upon historical experience and management's evaluation of outstanding accounts receivable at each quarter end. As of July 31, 2011, Accounts Receivable totals $708,620, net of a provision for bad debt expense of $34,746, and represents amounts invoiced by AMH. Accounts Receivable was $704,971, net of the provision for bad debt expense of $34,746, on January 31, 2011.

5. Other Receivables

Other receivables total $24,866 and represent amounts due the Company from two officers. These balances are due on demand, non-interest bearing and are unsecured.

6. Due from affiliate

Due from affiliate totals $4,700 and $3,900 as of July 31, 2011 and January 31, 2011, respectively, and represents amounts due from AMA, an unconsolidated Affiliate of the Company. These balances are due on demand, non-interest bearing and are unsecured.

7. Prepaid Expenses

Prepaid Expenses of $14,180 and $29,138 as of July 31, 2011 and January 31, 2011, respectively, are amounts prepaid for medical malpractice insurance, Director's and Officer's insurance and income taxes.

8. Prepaid Financing Cost

Unamortized financing cost of $57,812 on July 31, 2011 and $76,563 as of January 31, 2011 represent the financing cost associated with 10% Senior Subordinated Callable Convertible Notes due January 31, 2013, $125,000 paid by the Company on the closing of the placement on October 16, 2009 (see Note 11).

9. Property and Equipment

Property and Equipment consists of the following as of :

	July 31, 2011	January 31, 2011
Website	$ 4,568	$ 4,568
Computers	13,912	13,912
Software	155,039	155,039
Machinery and equipment	50,815	50,815
Gross Property and Equipment	224,334	224,334
Less accumulated depreciation	(208,614)	(202,741)
Net Property and Equipment	$ 15,720	$ 21,593

Depreciation expense was $2,580 and $2,993 for the three month periods ended July 31, 2011 and 2010, respectively. Depreciation expense was $5,873 and $5,999 for the six month periods ended July 31, 2011 and 2010, respectively.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as of:

	July 31, 2011	January 31, 2011
Accounts payable	$ 30,825	$ 35,815
D&O insurance payable	-	10,913
Accrued professional fees	25,009	5,483
Accrued payroll and income taxes	221,515	40,534
Total	$ 277,349	$ 92,745

11. Long-term Debt

The Company's long-term debt consisted of the following:

	July 31, 2011	January 31, 2011
Subordinated Borrowings:		
10% Senior Subordinated Convertible Notes due January 31, 2013	$ 1,248,990	$ 1,248,588
Total long-term debt	$ 1,248,990	$ 1,248,588
Less: Current Portion		
Total	$ 1,248,990	$ 1,248,588

Subordinated Borrowings

10% Senior Subordinated Callable Convertible Notes due January 31, 2013
On October 16, 2009, the Company issued $1,250,000 of its 10% Senior Subordinated Callable Convertible Notes. The net proceeds of $1,100,000 will be used for the repayment of existing debt, acquisitions, physician recruitment and other general corporate purposes. The notes bear interest at a rate of 10% annually, payable semi annually on January 31 and July 31. The Notes mature and become due and payable on January 31, 2013 and rank senior to all other unsecured debt of the Company.

The 10% Notes were sold through an Agent in the form of a Unit. Each Unit was comprised of one 10% Senior Subordinated Callable Note with a par value of $25,000, and one five-year warrant to purchase 25,000 shares of the Company's common stock. The purchase price of each Unit was $25,000, resulting in gross proceeds of $1,250,000.

In connection with the placement of the subordinated notes, the Company paid a commission of $125,000 and $25,000 of other direct expenses. The agent also received five-year warrants to purchase up to 250,000 shares of the Common Stock at an initial exercise price of $0.25 per share. The agent also received 100,000 shares of restricted common stock for pre-transaction advisory services and due diligence. The commission of $125,000 paid at closing, is accounted for as prepaid financing cost and will be amortized over a forty-month period through January 31, 2013, the maturity date of the notes. The $25,000 of other direct expenses were paid at closing and reported as financing costs in the Operating Statement in the year ended January 31, 2010. In addition, financing costs included $4,000 related to the value of the 100,000 shares granted to the Placement Agent.

The 10% Notes are convertible any time prior to January 31, 2013. The initial conversion rate is 200,000 shares of the Company's common stock per $25,000 principal amount of the 10% Notes (Subject to certain events). This represents an initial conversion price of $0.125 per share of the Company's common stock.

On or after January 31, 2012, the Company may, at its option, upon 60 days notice to both the Noteholders and the placement agent, redeem all or a portion of the notes at a redemption price in cash equal to 102% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

The Warrants attached to the Units are exercisable into shares of Common Stock at an initial exercise price of $0.125. The Warrants have a five-year term and expire on October 31, 2014. These warrants were estimated to have a fair value of $2,653 using the Black-Scholes pricing model which was recorded as unamortized warrant discount on granted date and $1,010 as of July 31, 2011.

In connection with this offering, the Company also issued warrants to purchase 250,000 shares of our common stock to the placement agent which were estimated to have a fair value of $2,200 using the Black-Scholes pricing model and was recorded as unamortized warrant discount on granted date. These warrants have an exercise price of $0.25 per share, are exercisable immediately upon issuance and expire five years after the date of issuance.

Interest expense was $31,603 and $31,465 for the three month periods ended July 31, 2011 and 2010, respectively. Interest expense was $63,177 and $62,988 for the six month periods ended July 31, 2011 and 2010, respectively.

12. Related Party Transactions

During the six months ended July 31, 2011, the Company issued 350,000 shares valued at $63,000 to the chief financial officer for consulting service. (see Note 15)

13. Non-Controlling Interest

The Company recorded AMH ownership interest in the accompanying financial statements as Non-Controlling Interest of $228,115 at July 31, 2011 and January 31, 2011.

14. Stockholder's Equity

In the quarter ended April 30, 2011, the Company issued 1,350,000 common shares, bringing the total outstanding shares to 28,985,774. A total of 350,000 shares were issued to Kanehoe Advisors and 1,000,000 shares were issued in connection with the acquisition of Aligned Healthcare Group, Inc. (see Note 16). The 1,350,000 shares were valued at $273,000 based on the fair value of shares at issuance date.

No shares were issued by the Company in the quarter ended July 31, 2011.

Warrants outstanding:

No warrants were issued by the Company in the quarter ended July 31, 2011.

	Aggregate intrinsic value	Number of warrants
Outstanding at January 31, 2011	$ —	1,655,333
Granted	—	-
Exercised	—	—
Cancelled	—	—
Outstanding at July 31, 2011	$ —	1,655,323

Exercise Price	Warrants outstanding	Weighted average remaining contractual life	Warrants Exercisable	Weighted average exercise price
$ 1.500	155,333	0.24	155,333	$ 1.50
$ 0.250	1,250,000	3.25	1,250,000	$ 0.25
$ 0.250	250,000	3.25	250,000	$ 0.25

Options outstanding:

Stock option transactions under the Company's stock option plans for the six months ended July 31, 2011 are summarized below:

	Shares	Weighted Average Per Share Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance, January 31, 2011	1,150,000	$ 0.15		-
Granted	-	-		
Exercised	-	-		
Expired	-	-		
Forfeited	-	-		
Balance, July 31, 2011	1,150,000	$ 0.15	9.4 years	$ 30,833
Exercisable, July 31, 2011	666,616	$ 0.15	9.4 years	$ 30,833

The Company did not issue any stock options during the three months ended July 31, 2011 and 2010, respectively.

15. Commitments and Contingency

On March 15, 2009, the Company entered into a Consulting Agreement with Kaneohe Advisors LLC (Kyle Francis) under which Mr. Francis became the Company's Executive Vice President, Business Development and Strategy. Under the terms of the Agreement, Mr. Francis is compensated at a rate of $8,000 per month. In addition, Mr. Francis received 350,000 shares of restricted stock at the date of the Agreement and is entitled to 350,000 additional restricted shares on the first and second anniversaries of the Agreement, provided the Agreement is not terminated. The initial 350,000 shares, along with 50,000 shares granted to Mr. Francis in the year ended January 2009, were issued in the third quarter ended October 31, 2009. On March 15, 2011, the second anniversary of the Consulting Agreement, Mr. Francis was granted an additional 350,000 shares. Mr. Francis was named Chief Financial Officer on December 31, 2010. Mr. Francis compensation was increased to $11,000 per month.

On October 27, 2008, the Company entered into a Board of Director's Agreement with Suresh Nihalani. The Company will issue a stock award of 400,000 shares to Mr. Nihalani, under the terms of the Director's Agreement, which shares will be issued ratably over a thirty-six month period commencing December 2008. The shares will be released to Mr. Nihalani on a monthly basis during his tenure as a Director. The distribution of shares will continue as long as Mr. Nihalani serves on the Board, but will cease when Mr. Nihalani is no longer a Director. Mr. Nihalani was issued 11,111 shares under this agreement in the year ended January 31, 2009 and an additional 144,443 shares in the year ended January 31, 2010.

16. Acquisition

On February 15, 2011, Apollo Medical Holdings, Inc. (the "Company") entered into a Stock Purchase Agreement (the "Purchase Agreement") with Aligned Healthcare Group – California, Inc., Raouf Khalil, Jamie McReynolds, M.D. BJ Reese and BJ Reese & Associates, LLC, under which the Company acquired all of the issued and outstanding shares of capital stock and associated Intellectual property and related intangibles (the "Acquisition") of Aligned Healthcare, Inc., a California corporation ("AHI"), from AHI's shareholders. Upon the signing of the Purchase Agreement, 1,000,000 shares of the Company's common stock became issuable (the "Initial Shares") and are included in the number of shares outstanding. In addition, if the gross revenues of AHI and an affiliated entity (the "Aligned Division") exceed $1,000,000 on or before February 1, 2012, then the Company will be obligated to issue an additional 1,000,000 shares of common stock (the "Contingent Shares"). Moreover, the Company will be obligated to issue up to an additional 3,500,000 shares of common stock (the "Earn-Out Shares" and, collectively with the Initial Shares and the Contingent Shares, the "Shares") over a three year period following closing based on the EBITDA generated by the Aligned Division during that time. If, prior to February 15, 2012, AHI has not entered into an agreement for the provision of certain services to a hospital or certain other health organizations that has a term of at least one year and provides aggregate net revenues to AHI of at least $1,000,000, the Company will have the right to repurchase all of the Initial Shares for $0.05 per share, at which time the Company's obligation to issue any further Shares would terminate.

Based on our internal estimate of contingent shares to be issued as part of this agreement, we estimated that the total fair value of the common stock shares issued and contingently issuable for this transaction on the acquisition date was $577,500.

The Company has recognized a liability based on the acquisition date fair value of the acquisition-related contingent consideration based on the probability of the achievement of the targets. Based on the Company's estimation, an initial liability of $367,500 (1,750,000 shares) was recorded. Changes in the fair value of the acquisition-related contingent consideration during the measurement period, including changes from events after the acquisition date, such as changes in the Company's estimate of the revenue and net income expected to be achieved and changes in their stock price, are being recognized as an adjustment to the purchase price in the period in which the estimated fair value changes. The accompanying consolidated financial statements include the financial results of these companies from the date of acquisition.

The estimated fair values of net assets acquired and presented below are preliminary and are based on the information that was available as of the acquisition date and prior to the filing of this Quarterly Report on Form 10-Q. The Company believes that the information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the Company is awaiting the finalization of certain third-party valuations to finalize those fair values. Thus, the preliminary measurements of fair value set forth below are subject to change. The Company expects to finalize the valuation and complete the purchase price allocations as soon as practicable, but no later than one year from the respective acquisition date.

The following table summarizes the preliminary determination of the purchase price and fair value of AHI's assets acquired and liabilities assumed at the date of acquisition:

Purchase price calculation:		
Common stock issued (1,000,000 shares)	$	210,000
Contingent consideration (1,750,000 shares of common stock)		367,500
Fair value of total consideration		577,500
Allocation of purchase price:		
Intellectual property and technical know-how	$	577,500

On July 8, 2011, Apollo Medical Holdings, Inc. (the "Company") entered into a First Amendment to Stock Purchase Agreement (the "Amendment") with Aligned Healthcare Group, LLC ("Aligned LLC"), Aligned Healthcare Group – California, Inc. ("Aligned Corp."), Raouf Khalil, Jamie McReynolds, M.D. BJ Reese and BJ Reese & Associates, LLC, which amends in certain respects that certain Stock Purchase Agreement, dated as of February 15, 2011 (the "Purchase Agreement"), among the Company, Aligned LLC, Aligned Corp., Raouf Khalil, Jamie McReynolds, M.D. BJ Reese and BJ Reese & Associates, LLC. The Amendment provides, among other things, that Aligned LLC and Aligned Corp. may enter into contracts with a specified health insurance provider for the provision of services related to patient care management or the management, administration and operation of 24-hour physician and nursing call centers and post-discharge management (the "Call Center Business") solely within the State of California, and that the Company and its subsidiaries have the exclusive right, as between the Company and Aligned LLC and Aligned Corp. to enter into other contracts for the provision of services related to the Call Center Business.

In connection with the Amendment, the Company's wholly owned subsidiary, Aligned Healthcare, Inc. ("AHI"), entered into a Services Agreement, dated as of July 8, 2011 (the "Services Agreement"), with Aligned LLC and Aligned Corp., under which Aligned LLC and Aligned Corp. have agreed that if either entity enters into one or more contracts with a specified health insurance provider relating to the provision of services for the Call Center Business solely within the State of California, then Aligned LLC and Aligned Corp. would remit all revenues, less allowable costs incurred in connection with the provision of such services, to AHI.

17. Subsequent Events

On Aug 2, 2011, Apollo Medical Holdings, Inc. ("Apollo") acquired Pulmonary Critical Care Management, Inc. ("PCCM"), a provider of management services to the Los Angeles Lung Center, as well as the formation of its new Division of Pulmonary and Critical Care Medicine. In exchange for a 100% ownership interest in PCCM, Apollo will issue 350,000 common shares to the shareholders of PCCM. Dr. Babak Abrishami, President of Pulmonary Critical Care Management, Inc. and President of the Los Angeles Lung Center, was named Head of the Division of Pulmonary and Critical Care Medicine.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this Quarterly Report. In addition, reference is made to our audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K for the year ended January 31, 2011, filed with the Securities and Exchange Commission (SEC) on May 16, 2011.

In this Quarterly Report, unless otherwise expressly stated or the context otherwise requires, "Apollo," "we," "us" and "our" refer to Apollo Medical Holdings, Inc,, a Delaware corporation, and its wholly-owned subsidiary-management company, Apollo Medical management, Inc., and affiliated medical groups. Our affiliated professional organizations are separate legal entities that provide physician services in California and with which we have management agreements. For financial reporting purposes we consolidate the revenues and expenses of all our practice groups that we own or manage because we have a controlling financial interest in these practices based on applicable accounting rules and as described in our accompanying financial statements. Also, unless otherwise expressly stated or the context otherwise requires, "our affiliated hospitalists" refer to physicians employed or contracted by either our wholly-owned subsidiaries or our affiliated professional organizations. References to "practices" or "practice groups" refer to our subsidiary-management company and the affiliated professional organizations of Apollo that provide medical services, unless otherwise expressly stated or the context otherwise requires.

The following discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of Apollo that are based on management's current expectations, estimates, projections, and assumptions about our business. Words such as "may," "will," "could," "should," "target," "potential," "project," "expects," "anticipates," "intends," "plans," "believes," "sees," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, those discussed in our most recent Annual Report on Form 10-K, including the section entitled "Risk Factors", as well as those discussed from time to time in the Company's other SEC filings and reports. In addition, such statements could be affected by general industry and market conditions. Such forward-looking statements speak only as of the date of this Quarterly Report or, in the case of any document incorporated by reference, the date of that document, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Report, or for changes made to this document by wire services or Internet service providers. If we update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections with respect to other forward-looking statements.

Overview

Apollo is a leading provider of integrated medical management services that improves the efficiency in inpatient care plus multi-disciplinary care management services targeting inefficiencies in healthcare payer and provider networks. Our integrated model combines hospitalist medicine, critical care medicine, 24-hour physician call centers, case management and transition management that offers to help healthcare organizations engage in performance payments for utilization efficiency, quality of care objectives and shared accountability arrangements. The company intends to capitalize on the growing market for hospital-based physicians and care management services. Apollo and its affiliated medical groups have proven expertise in providing excellent and efficient care to hospitalized patients.

Acquisitions

During the six months ended July 31, 2011, we entered into a stock purchase agreement with Aligned Healthcare Group. Upon the signing of the Purchase Agreement, 1,000,000 shares of the Company's common stock became issuable (the "Initial Shares") and are included in the number of shares outstanding. In addition, if the gross revenues of AHI and an affiliated entity (the "Aligned Division") exceed $1,000,000 on or before February 1, 2012, then the Company will be obligated to issue an additional 1,000,000 shares of common stock (the "Contingent Shares"). Moreover, the Company will be obligated to issue up to an additional 3,500,000 shares of common stock (the "Earn-Out Shares" and, collectively with the Initial Shares and the Contingent Shares, the "Shares") over a three year period following closing based on the EBITDA generated by the Aligned Division during that time.

In connection with this acquisition, the Company recorded intellectual property and technical know-how of $577,500. Total transaction costs of $64,408 were expensed as incurred during the six months ended July 31, 2011.

Results of Operations and Operating Data

Three Months Ended July 31, 2011 vs. Three Months Ended July 31, 2010

Net revenues for the three months ended July 31, 2011 of $1,093,708 increased $54,013, or 5%, over net revenues of $1,039,695 reported for the three months ended July 31, 2010. Net revenues are comprised of net billings by AMH under the various fee structures from health plans, medical groups/IPA's and hospitals, and income from service fee agreements. Increase was attributable to new hospital contracts, increased same-market area growth and expansion of services with existing medical group clients at new hospitals.

Physician practice salaries, benefits and other expenses for the three months ended July 31, 2011 were $939,336, at 86% of net revenues compared to $864,719 for the three months ended July 31, 2010, at 83% of net revenues. Cost of services includes the payroll and consulting costs of the physicians, all payroll related costs, costs for all medical malpractice insurance and physician privileges. Increases in physician costs were attributable to start-up losses at new hospital contracts and expansions of services at existing hospitals in the quarter and the hiring of new physicians to support new contracts.

General and administrative expenses include all salaries, benefits, supplies and operating expenses, not specifically related to the day-to-day operations of our physician group practices, including billing and collections functions, and our corporate management and overhead. General and administrative expenses were $235,130, at 21% of net revenues, for the three months ended July 31, 2011. General and administrative expenses were $190,516 for the three months ended July 31, 2010, at 18% of net revenues. The increase in expense is primarily the result of increased costs to support the continuing growth of our current operations and expansion in new service offerings. The Company experienced start-up losses and transaction costs of $76,757 at AHI during the three months ended July 31, 2011. During the three months ended July 31, 2011, the Company incurred non-cash stock option compensation expenses of $7,333, related to stock option grants previously issued, compared to $30,066 of such non-cash costs during the three months ended July 31, 2010. In addition, the Company had no change in its bad debt reserve calculation for the three months ended July 31, 2011 compared to an increase in the bad debt reserve of $25,700 for the three months ended July 31, 2010.

Depreciation and amortization expense was $2,580 for the three months ended July 31, 2011, and $2,993 for the comparable three-month period in 2010.

The Company reported a loss from operations of $83,339 for the three months ended July 31, 2011, compared to a loss from operations of $18,553 recorded in the same period of 2010. Net revenues in 2011 continued to benefit from the addition of contracts with hospitals, IPAs and Health plans and the hiring of several additional physicians. The decrease in operating profits for the three months ended July 31, 2011 is primarily related to increased physician costs to support new contracts, expansion of new service offerings and transaction and start-up costs related to the acquisition of AHI.

Interest expense and amortization of financing costs totaled $40,978 for the three months ended July 31, 2011, compared to interest and financing costs of $40,840 for the three months ended July 31, 2010. Interest expense and financing costs in 2011 include interest on the subordinated borrowings of $31,250, and the amortization of financing costs of $9,375, related to the subordinated notes. Interest expense for the three months ended July 31, 2010 of $40,840 represents interest expense paid on the subordinated borrowings of $31,465, and the amortization of financing costs of $9,375, related to subordinated notes. Net loss was $122,834 for the three months ended July 31, 2011, compared to a net loss of $60,130 for the three months ended July 31, 2010. The increase in the net loss for the three months ended July 31, 2011 is primarily related to increased physician costs to support new contracts, expansion of new service offerings and transaction and start-up costs related to the acquisition of AHI.

Six Months Ended July 31, 2011 vs. Six Months Ended July 31, 2010

Net revenues for the six months ended July 31, 2011 of $2,133,400 increased $290,820, or 16 percent, over net revenues of $1,842,580 reported for the six months ended July 31, 2010. Net revenues are comprised of net billings by AMH under the various fee structures from health plans, medical groups/IPA's and hospitals, and income from service fee agreements. The increase was attributable to new hospital contracts, increased same-market area growth and expansion of services with existing medical group clients at new hospitals.

Physician practice salaries, benefits and other expenses for the six months ended July 31, 2011 were $1,886,825, at 88% of net revenues, compared to $1,539,405, at 84% of net revenues, for the six months ended July 31, 2010. Cost of services includes the payroll and consulting costs of the physicians, all payroll related costs, costs for all medical malpractice insurance and physician privileges. The increase in physician costs was attributable to start-up losses on new hospital contracts and expansions of services at new hospitals in the quarter.

General and administrative expenses include all salaries, benefits, supplies and operating expenses, not specifically related to the day-to-day operations of our physician group practices, including billing and collections functions, and our corporate management and overhead. General and administrative expenses were $511,485, at 24% of net revenues, for the six months ended July 31, 2011, an increase of $237,377, compared to general and administrative expenses of $275,708 for the six months ended July 31, 2010, at 15% of net revenues. The increase in general and administrative expenses for the six months ended July 2011, are attributed to the following. The Company recorded non-cash compensation expenses of $77,666 for the six months ended July 31, 2011, related to the issuance of shares for service and non-cash stock option compensation expense, an increase of $30,499, compared to $47,167, of such non-cash costs recorded during the six months ended July 31, 2010. In addition, the Company incurred start-up and transaction costs of approximately $148,158, related to the acquisition of AHI during the six months ended July 31, 2011. Also, the Company recorded a reduction in bad debt expense of $64,566 in the six month period ended July 2010. Depreciation and amortization expense was $5,873 for the six months ended July 31, 2011, and $5,999 for the comparable six-month period in 2010.

The Company reported a loss from operations of $270,783 for the six months ended July 31, 2011, compared to an income from operations of $21,468 recorded in the same period of 2010. Higher net revenues in 2011 were offset by higher physician and general and administration costs associated added to support continued growth of our operations, expansion of new service offerings and strat-up losses related to the acquisition of AHI.

Interest expense and the amortization of financing costs totaled $81,927 for the six months ended July 31, 2011, compared to interest and financing costs of $81,738 in the six months ended July 31, 2010. Interest expense and financing costs in 2011 included interest on the subordinated borrowings of $63,177, and the amortization of financing costs of $18,750, related to the subordinated borrowings. Interest on the subordinated borrowings of $62,988, and the amortization of financing costs of $18,750, related to the subordinated borrowings.

Apollo reported a net loss of $351,764 for the six months ended July 31, 2011, compared to a net loss of $60,973 for the six months ended July 31, 2010. The increase in the net loss was the result of the factors discussed above.

Liquidity and Capital Resources

At July 31, 2011, the Company had cash and cash equivalents of $343,150, compared to cash and cash equivalents of $397,101 at January 31, 2011. The cash balance at July 31, 2011 included $85,068 in a money market brokerage account. There were no short-term borrowings at July 31, 2011 or January 31, 2011. Long-term borrowings totaled $1,248,990 as of July 31, 2011 and $1,248,588 on January 31, 2011.

Net cash used in operating activities totaled $53,951 in the six months ended July 31, 2011, compared to net cash used in operations of $126,247 for the comparable three months ended July 31, 2010. The increase accounts receivable and the increase in accounts payable were primary cause for the decrease in cash used for operating activities. The increase in accounts payable was a result of timing payroll being issued on August 1, 2011.
Net cash used in operating activities for the three months ended July 31, 2010 of $126,247 was comprised of a net loss of $60,973 for the six month period. Adjustments for non-cash charges which include depreciation, bad debt expense, shares issued for service and amortization of commission cost and debt discount, provided $7,753. In addition, net changes in operating assets and liabilities used cash of $73,027.

During the six months ended July 31, 2011, the Company advanced $800 to an affiliated Company. The Company invested $4,568 to develop a web site and an $800 advance to an affiliated Company in the first quarter of 2010.

Liquidity

We continue to search for investment opportunities and anticipate that funds generated from operations, together with our current cash on hand and funds available under our revolving credit agreement will be sufficient to finance our working capital requirements and fund anticipated acquisitions, contingent acquisition consideration and capital expenditures.

Off Balance Sheet Arrangements

As of July 31, 2011, we had no off-balance sheet arrangements.

Recently Adopted and New Accounting Pronouncements

See Note 2 to the Condensed Consolidated Financial Statements for information regarding recently adopted and new accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not hold any derivative instruments and does not engage in any hedging activities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

In connection with the preparation of this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of our disclosure controls and procedures, as of July 31, 2011, in accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act.

Based on that evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer have concluded that our disclosure controls and procedures were not effective as of July 31, 2011.

We have identified the following three material weaknesses in our disclosure controls and procedures:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures, and concluded that the control deficiency that resulted represented a material weakness.

2. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures, and concluded that the control deficiency that resulted represented a material weakness.

3. We do not have review and supervision procedures for financial reporting functions. The review and supervision function of internal control relates to the accuracy of financial information reported. The failure to review and supervise could allow the reporting of inaccurate or incomplete financial information. Due to our size and nature, review and supervision may not always be possible or economically feasible.

Based on the foregoing material weaknesses, we have determined that, as of July 31, 2011, that our disclosure controls and procedures are insufficient. The Company continues to take steps to improve the timeliness and accuracy of its financial information, including the hiring of additional employees to facilitate proper segregation of duties. Our management is responsible for establishing and maintaining adequate disclosure controls and procedures, as defined in Rule 15d-15(e) under the Exchange Act, and for assessing the effectiveness of our disclosure controls and procedures. It should be noted that any system of controls and procedures, 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 certain 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, regardless of how remote. Therefore, even those systems determined to be effective can only provide reasonable assurance of achieving their control objectives.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting during our most recently completed fiscal quarter (i.e., the three-month period ended July 31, 2011) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of our business, we become involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by our affiliated physicians. We may also become subject to other lawsuits, which could involve significant claims and/or significant defense costs.

We believe, based upon our review of pending actions and proceedings that the outcome of such legal actions and proceedings will not have a material adverse effect on our business, financial condition, results of operations, or cash flows. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on our business, financial condition, results of operations, or cash flows in a future period.

ITEM 1A. RISK FACTORS

Not Applicable

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

On September 13, 2011, the Company's Bylaws were updated to reflect the name of the Company and new Corporate Secretary.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Certificate of Incorporation (filed as an exhibit to Registration Statement on Form 10 filed on April 19, 1999, and incorporated herein by reference).
3.2	Certificate of Ownership (filed as an exhibit to Current Report on Form 8-K filed on July 15, 2008, and incorporated herein by reference).
3.3	Registrant’s Second Amended and Restated Bylaws
4.1	Form of 10% Senior Subordinated Convertible Note, dated October 16, 2009. (filed as an exhibit on Annual Report on Form 10-K on May 14, 2010, and incorporated herein by reference).
4.2	Form of Investor Warrant, dated October 16, 2009, for the purchase of 25,000 shares of common stock. (filed as an exhibit on Annual Report on Form 10-K on May 14, 2010, and incorporated herein by reference).
10.9	First Amendment to the Aligned Healthcare, Inc. entered into by Apollo Medical Holdings, Inc. and Aligned Healthcare Group LLC, Aligned Healthcare Group - California, Inc., Raouf Khalil, Jamie McReynolds, M.D., BJ Reese & Associates LLC and BJ Reese dated July 8, 2011.
10.10	Services Agreement entered into by Apollo Medical Holdings, Inc. and Aligned Healthcare Group LLC, Aligned Healthcare Group - California, Inc., Raouf Khalil, Jamie McReynolds, M.D., BJ Reese & Associates LLC and BJ Reese dated July 8, 2011.
101	Financial statements from the quarterly report on Form 10-Q of Apollo Medical Holdings, Inc. for the quarter ended July 31, 2011, formatted in XBRL, are filed herewith and include: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) the Notes to Condensed Consolidated Financial Statements tagged as blocks of text.

31.1	Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

APOLLO MEDICAL HOLDINGS, INC.

Dated: September 14, 2011

By: /s/ Warren Hosseinion
Warren Hosseinion
Chief Executive Officer and Director

Dated: September 14, 2011

By: /s/ Kyle Francis
Kyle Francis
Chief Financial Officer

EXHIBIT 3.3

Apollo Medical Holdings, Inc.

BY-LAWS

ARTICLE I-OFFICES

Section 1.1 Principal Office

The principal executive office of the corporation shall be such location as deemed necessary from time to time by the Board of Directors.

Section 1.2 Other Offices

The corporation may also have such other offices, either within or without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II--SHAREHOLDERS

Section 2.1 Annual Meeting

An annual meeting of the shareholders, for the selection of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at the principal office of the corporation on the second Monday of January or, if such date shall fall on a holiday, the next business day thereafter. The Board of Directors may change the date or elect to have no annual meeting for a particular year. If the election of directors is not held on the day designated for any annual meeting of the shareholders or at any adjournment of the meeting, the Board of Directors shall call for the election to be held at a special meeting of the Shareholders as soon thereafter as possible.

Section 2.2 Special Meetings

Special meetings of the shareholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Board of Directors, the president, the chief executive officer, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting, and shall be held at such place, on such date, and at such time as they or he shall fix.

Section 2.3 Notice of Meetings

Written notice of the place, date and time of all meetings of the shareholders shall be given, not less than ten nor more than fifty days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the corporation statutes of the State of Delaware).

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 2.4 Quorum

At any meeting of the shareholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of the stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date or time.

If a notice of any adjourned special meeting of shareholders is sent to all shareholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then except as otherwise required by law, those present at such adjourned meeting shall constitute a quorum, and all matters shall be determined by a majority of the votes cast at such meeting.

Section 2.5 Organization

Such person as the Board of Directors may have designated or, in the absence of such a person, the highest ranking officer of the corporation who is present shall call to order any meeting of the shareholders and act as chairman of the meeting. In the absence of the Secretary of the corporation, the secretary of the meeting shall be the person the chairman appoints.

Section 2.6 Conduct of Business

The chairman of any meeting of shareholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

Section 2.7 Proxies and Voting

At any meeting of the shareholders, every shareholder entitled to vote may vote in person or by proxy authorized by an instrument in writing filed in accordance with the procedure established for the meeting.

Each shareholder shall have one vote for every share of stock entitled to vote which is registered in his name on the record date for the meeting, except as otherwise provided herein or required by law.

All voting, except on the election of directors and where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a shareholder entitled to vote or his proxy, a stock vote shall be taken. Every stock vote shall be taken by ballots, each of which shall state the name of the shareholder or proxy voting and such other information as may be required under the procedure established for the meeting. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number or voting by class is required by law, the Articles of Incorporation, or these By-laws.

Section 2.8 Shareholder Action By Written Consent

Any action which may be taken at a meeting of the Shareholders may be taken by written consent without a meeting if such action is taken in conformance with the Delaware Corporations Code.

Section 2.9 Stock List

A complete list of shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order for each class of stock and showing the address of each such shareholder and the number of shares registered in his name, shall be open to the examination of any such shareholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The Stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such shareholder who is present. This list shall presumptively determine the identity of the shareholders entitled to vote at the meeting and the number of shares held by each of them.

Section 2.10 Meetings by Telecommunication

Any meeting of the shareholders may be conducted through the use of any means of communication which allows persons participating in the meeting to hear one another.

ARTICLE III--BOARD OF DIRECTORS

Section 3.1 Number and Term of Office

The Board of Directors shall consist of a minimum of one director. Each director shall be selected for a term of one year and until his successor is elected and qualified, except as otherwise provided herein or required by law.

Whenever the authorized number of directors is increased between annual meetings of the shareholders, a majority of the directors then in office shall have the power to elect such new directors for the balance of a term and until their successors are elected and qualified. Any decrease in the authorized number of directors shall not become effective until the expiration of the term of the directors then in office unless, at the time of such decrease, there shall be vacancies on the board which are being eliminated by the decrease.

Section 3.2 Vacancies

Vacancies in the board of directors may be filled by a majority vote of the remaining directors, though less than a quorum, by a sole remaining director, or by the shareholders. Each director so elected shall hold office until a successor is elected at an annual or a special meeting of the shareholders.

A vacancy in the board of directors shall be deemed to exist in case of the death, resignation or removal of any director; if the authorized number of directors is increased; or if the shareholders fail to elect the full authorized number of directors.

The shareholders may elect a director at any time to fill any vacancy not filled by the directors. If the board of directors accepts the resignation of a director tendered to take effect at a future time, the board or the shareholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

Section 3.3 Regular Meetings

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 3.4 Special Meetings

Special meetings of the Board of Directors may be called by one-third of the directors then in office or by the chief executive officer and shall be held at such place, on such date and at such time as they or he shall fix. Notice of the place, date and time of each such special meeting shall be given by each director by whom it is not waived by mailing written notice not less than three days before the meeting or by telegraphing the same not less than eighteen hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 3.5 Quorum

At any meeting of the Board of Directors, a majority of the total number of the whole board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time, without further notice or waiver thereof.

Section 3.6 Participation in Meetings by Conference Telephone

Members of the Board of Directors or of any committee thereof, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other. Such participation shall constitute presence in person at such meeting.

Section 3.7 Conduct of Business

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 3.8 Powers

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the corporation, including, without limiting the generality of the foregoing, the unqualified power:

(a) To declare dividends from time to time in accordance with law;

(b) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

(c) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

(d) To remove any officer of the corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(e) To confer upon any officer of the corporation the power to appoint, remove and suspend subordinate officers and agents;

(f) To adopt from time to time such stock option, stock purchase, bonus or other compensation plans for directors, officers and agents of the corporation and its subsidiaries as it may determine;

(g) To adopt from time to time such insurance, retirement and other benefit plans for directors, officers and agents of the corporation and its subsidiaries as it may determine; and

(h) To adopt from time to time regulations, not inconsistent with these By-laws, for the management of the corporation's business and affairs.

Section 3.9 Compensation of Directors

Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the directors.

Section 3.10 Interested Directors

a) No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers, are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if;

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee or the shareholders.

b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 3.11 Loans

The corporation shall not lend money to or use its credit to assist its officers, directors or other control persons without authorization in the particular case by the shareholders, but may lend money to and use its credit to assist any employee, excluding such officers, directors or other control persons of the corporation or of a subsidiary, if such loan or assistance benefits the corporation.

ARTICLE IV--COMMITTEES

Section 4.1 Committees of the Board of Directors

The Board of Directors, by a vote of a majority of the whole board, may from time to time designate committees of the board, with such lawfully powers and duties as it thereby confers, to serve at the pleasure of the board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternative members who may replace any absent or disqualified member at any meeting of the committee. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend or to authorize the issuance of stock if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 4.2 Conduct of Business

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provisions shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE V--OFFICERS

Section 5.1 Generally

The officers of the corporation shall consist of a president, one or more vice-presidents, a secretary, a treasurer and such other subordinate officers as may from time to time be appointed by the Board of Directors. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of shareholders. Each officer shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. Any number of offices may be held by the same person.

Section 5.2 President

The President shall be the chief executive officer of the corporation, except as set forth in Section 5.6 of this Article. Subject to the provisions of these By-laws and to the direction of the Board of Directors, he shall have the responsibility for the general management and control of the affairs and business of the corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him by the Board of Directors. He shall have power to sign all stock certificates, contracts and other instruments of the corporation which are authorized. He shall have general supervision and direction of all of the other officers and agents of the corporation.

Section 5.3 Vice-president

Each vice-president shall perform such duties as the Board of Directors shall prescribe. In the absence or disability of the President, the vice-president who has served in such capacity for the longest time shall perform the duties and exercise the powers of the President.

Section 5.4 Treasurer

The treasurer shall have the custody of the monies and securities of the corporation and shall keep regular books of account. He shall make such disbursements of the funds of the corporation as are proper and shall render from time to time an account of all such transactions and of the financial condition of the corporation.

Section 5.5 Secretary

The secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the shareholders and the Board of Directors and shall have charge of the corporate books.

Section 5.6 General Manager

The Board of Directors may employ and appoint a general manager who may, or may not, be one of the officers or directors of the corporation. If employed by the Board of Directors he shall be the chief operating officer of the corporation and, subject to the directions of the Board of Directors, shall have general charge of the business operations of the corporation and general supervision over its employees and agents. He shall have the exclusive management of the business of the corporation and of all of its dealings, but at all times subject to the control of the Board of Directors. Subject to the approval of the Board of Directors or a committee, he shall employ all employees of the corporation, or delegate such employment to subordinate officers, or division officers, or division chiefs, and shall have authority to discharge any person so employed. He shall make a report to the President and directors quarterly, or more often if required to do so, setting forth the results of the operations under his charge, together with suggestions regarding the improvement and betterment of the condition of the corporation, and shall perform such other duties as the Board of Directors shall require.

Section 5.7 Delegation of Authority

The Board of Directors may, from time to time, delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 5.8 Removal

Any officer of the corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 5.9 Action with Respect to Securities of Other Corporation

Unless otherwise directed by the Board of Directors, the president shall have power to vote and otherwise act on behalf of the corporation, in person or by proxy, at any meeting of shareholders of or with respect to any action of shareholders of any other corporation in which this corporation may hold securities and otherwise to exercise any and all rights and powers which this corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE VI--INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

Section 6.1 Generally

The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or items equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was lawful.

The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 6.2 Expenses

To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.1 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in Section 6.3 of this Article upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Article.

Section 6.3 Determination by Board of Directors

Any indemnification under Section 6.1 of this Article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 6.1 of this Article. Such determination shall be made by the Board of Directors by a majority vote of a quorum of the directors, or by the shareholders.

Section 6.4 Non-exclusive Right

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of shareholders or interested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.5 Insurance

The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

The corporation's indemnity of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the corporation or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Section 6.6 Violation of Law

Nothing contained in this Article, or elsewhere in these By-laws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to law, either as a matter of public policy, or under the provisions of the Federal Securities Act of 1933, the Securities Exchange Act of 1934, or any other applicable state or federal law.

Section 6.7 Coverage

For the purposes of this Article, references to "the corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such a constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

ARTICLE VII--STOCK

Section 7.1 Certificates of Stock

Each shareholder shall be entitled to a certificate signed by, or in the name of the corporation by, the President or a vice-president, and by the secretary or an assistant secretary, or the treasurer or an assistant treasurer, certifying the number of shares owned by him. Any of or all the signatures on the certificate may be facsimile.

Section 7.2 Transfers of Stock

Transfers of stock shall be made only upon the transfer books of the corporation kept at an office of the corporation or by transfer agents designated to transfer shares of the stock of the corporation. Except where a certificate is issued in accordance with Section 7.4 of this Article, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 7.3 Record Date

The Board of Directors may fix a record date, which shall not be more than fifty nor less than ten days before the date of any meeting of shareholders, nor more than fifty days prior to the time for the other action hereinafter described, as of which there shall be determined the shareholders who are entitled: to notice of or to vote at any meeting of shareholders or any adjournment thereof; to express consent to corporate action in writing without a meeting; to receive payment of any dividend or other distribution or allotment of any rights; or to exercise any rights with respect of any change, conversion or exchange of stock or with respect to any other lawful action.

Section 7.4 Lost, Stolen or Destroyed Certificates

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 7.5 Regulations

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VIII--NOTICES

Section 8.1 Notices

Whenever notice is required to be given to any shareholder, director, officer, or agent, such requirement shall not be construed to mean personal notice. Such notice may in every instance be effectively given by depositing a writing in a post office or letter box, in a postpaid, sealed wrapper, or by dispatching a prepaid telegram, addressed to such shareholder, director, officer, or agent at his or her address as the same appears on the books of the corporation. The time when such notice is dispatched shall be the time of the giving of the notice.

Section 8.2 Waivers

A written waiver of any notice, signed by a shareholder, director, officer or agent, whether before or after the time of the event for which notice is given, shall be deemed equivalent to the notice required to be given to such shareholder, director, officer or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE IX--MISCELLANEOUS

Section 9.1 Facsimile Signatures

In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 9.2 Corporate Seal

The Board of Directors may provide a suitable seal, containing the name of the corporation, which seal shall be in the charge of the secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the treasurer or by the assistant secretary or assistant treasurer.

Section 9.3 Reliance upon Books, Reports and Records

Each director, each member of any committee designated by the Board of Directors, and each officer of the corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the corporation, including reports made to the corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care.

Section 9.4 Fiscal Year

The fiscal year of the corporation shall be as fixed by resolution of the Board of Directors.

Section 9.5 Time Periods

In applying any of these By-laws which require that an act be done or not done a specified number of days prior to any event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded and the day of the event shall be included.

ARTICLE X--AMENDMENTS

Section 10.1 Amendments

These By-laws, or any portion hereof, may be amended or repealed by the Board of Directors at any meeting or by the shareholders at any meeting.

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned does hereby certify that the undersigned is the secretary of Apollo Medical Holdings, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware; that the above and foregoing By-laws of said corporation were duly adopted as such by the Board of Directors of said corporation; and that the above and foregoing By-laws are now in full force and effect.

Effective the September 13, 2011.

/s/ Kyle Francis
Kyle Francis, CFO and Secretary

Approved and Accepted:

/s/ Adrian Vazquez, M.D.
Adrian Vazquez, M.D. - Chairman and President

EXHIBIT 10.9

FIRST AMENDMENT TO
STOCK PURCHASE AGREEMENT

This FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT (the "**Amendment**") is made and entered into as of July 8, 2011, by and among Apollo Medical Holdings, Inc., a Delaware corporation (the "**Buyer**"), on the one hand, and Aligned Healthcare Group LLC, a California limited liability company ("**Aligned LLC**"), Aligned Healthcare Group – California, Inc., a California professional medical corporation ("**Aligned Corp.**"), Raouf Khalil ("**Khalil**"), Jamie McReynolds, M.D. ("**McReynolds**"), BJ Reese & Associates, LLC ("**Reese LLC**") and BJ Reese ("**Reese**"), on the other hand, and amends in certain respects that certain Stock Purchase Agreement dated as of February 15, 2011 by and among the parties (the "**Purchase Agreement**"). Capitalized terms used but not defined in this Amendment shall have the meanings given to such terms in the Purchase Agreement.

A. The Buyer and the Aligned Parties have previously entered into the Purchase Agreement and the Transaction Documents which provide, among other things, that the Aligned Parties will not engage in the Call Center Business anywhere in the United States outside of the Aligned Territory during the Restricted Period.

B. The Buyer and the Aligned Parties desire to amend the Purchase Agreement to provide, among other things, that the Call Center Business includes the "wrap around business," and that Aligned LLC and Aligned Corp. may engage in the Call Center Business within and outside of the Aligned Territory solely as and to the extent expressly provided in this Amendment and in that certain Services Agreement, dated the date hereof (the "**Services Agreement**"), among the Aligned Healthcare, Inc. (the "**Company**"), Aligned LLC and Aligned Corp., the form of which is attached hereto asExhibit A.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, representations, warranties, provisions and covenants herein contained, the parties hereto, each intending to be bound hereby, agree as follows:

1. Designated Contracts. Notwithstanding anything to the contrary in the Purchase Agreement or the Transaction Documents, subject to the terms and conditions of this Amendment, the Purchase Agreement and the Services Agreement, Aligned LLC and Aligned Corp. may enter into one or more contracts with Anthem Blue Cross for the provision of services relating to the Call Center Business solely within the State of California (each such contract is referred to individually as a "**Designated Contract**" and, collectively, as the "**Designated Contracts**"). As provided in the Purchase Agreement, the Aligned Parties may also enter into contracts with any other health plan for the provision of services relating to the Call Center Business solely within the Aligned Territory, and such contracts shall not be deemed to be Designated Contracts. During the term of the Services Agreement, the Company shall not enter into any contract with (a) Anthem Blue Cross for the provision of services relating to the Call Center Business within the State of California, or (b) any other health plan for the provision of services relating to the Call Center Business within the Aligned Territory, it being acknowledged and agreed that nothing contained in this Amendment, the Purchase Agreement or the Services Agreement shall in any way whatsoever prevent the Company or any of its affiliates from engaging in the Call Center Business with Anthem Blue Cross outside of the State of California or with any other health plan outside of the Aligned Territory. Each Designated Contract shall be deemed to be a written agreement between the Company, on the one hand, and a health plan, an Independent Physician Association or a hospital, on the other hand, for the purpose of determining whether the Company has entered into a Qualified MSO Contract under Section 1.2(d) of the Original Purchase Agreement, it being expressly understood that no Designated Contract shall be a Qualified MSO Contract unless it meets all of the conditions stated in Section 1.2(d) of the Original Purchase Agreement.

2 . Other Call Center Contracts. The Company, Buyer or their affiliates may, in their sole and exclusive discretion, enter into one or more contracts with third parties for the provision of services relating to the Call Center Business and which are not Designated Contracts (each such contract, an "**Other Call Center Contract**"). By way of example, the Company may enter into an Other Call Center Contract with a third party other than Anthem Blue Cross for the provision of services relating to the Call Center Business within the State of California or with any third party for the provision of services relating to the Call Center Business outside of the State of California. In connection with each such Other Call Center Contract, subject to the written consent of the counterparty to such Other Call Center Contract, the Company, the Buyer or the affiliate thereof that enters into such Other Call Center Contract shall enter into a License Agreement with an Aligned Party in form and substance mutually agreeable to the Company and the Aligned Parties (each, a "**License Agreement**"). Each License Agreement shall provide, among other things, that (a) so long as no Aligned Party is in default under any Transaction Document, the Aligned Party shall have exclusive operational authority relating to the services to be provided under the applicable Other Call Center Contract, (b) the Aligned Party shall be entitled to payment for its services under the License Agreement in accordance with terms of that agreement, including an apportionment of costs similar to that set forth in this Agreement, (c) the Aligned Parties shall indemnify, defend and hold harmless the Company, the Buyer and their respective affiliates for any claims or damages arising out of or related to the Aligned Parties' services under the License Agreement, (d) the Aligned Parties shall make customary representations and warranties and be bound by customary covenants relating to their performance of the License Agreement, including those relating to HIPAA compliance, (e) the Company shall license to the applicable Aligned Party the rights necessary to perform its services under the License Agreement, and (f) the Company or its designee shall be the exclusive owner of any and all work product or other intellectual property created by the Aligned Parties in connection with their engagement under the License Agreement.

3. Amendment to Aligned Parties' Restrictive Covenants.

(a) Clause (a) of Section 5.1(a)(i) of the Purchase Agreement is hereby amended and restated in full as follows:

(a) the Buyer, as the purchaser of the Shares, following the Closing will be engaged in the provision of services relating to (I) patient case management or the management, administration and operation of 24-hour physician and nursing call centers and related services (the "**Call Center Services**") and (II) post-discharge management services, including but not limited to coordination of patient discharge from acute care facilities to skilled nursing facilities, long term acute care facilities or home, repatriation to personal care physicians, post-discharge outbound calls to members and providers, telephonic transition management for high risk members to assure compliance, access and early identification of complication, medication compliance, and patient monitoring to limit readmission to acute care facilities (the "**Wrap Around Business**" and, together with the Call Center Services, the "**Call Center Business**");

(b) Section 5.1(a)(iv) of the Purchase Agreement is hereby amended and restated in full as follows:

(iv) The term "**Restricted Period**" shall mean the period beginning on the Closing Date and ending on the later of (A) the earliest to occur of (x) the removal or failure to re-elect Khalil as president of the Company, (y) the termination for any reason of Khalil's engagement with the Company or any of its affiliates as an employee or consultant, and (z) the exercise by the Buyer of its right under Section 1.2(d) to repurchase all of the Buyer Stock then outstanding, and (B) the latest termination date of (x) any of the Designated Contracts entered into by Aligned Corp. or Aligned LLC under that certain Services Agreement dated as of July 8, 2011 among the Company, Aligned LLC and Aligned Corp. and (y) any Other Call Center Agreement. The Restricted Period shall be extended by the number of days in any period in which any Aligned Party or an affiliate of any Aligned Party is determined by a court of competent jurisdiction to be in default or breach of this Section 5.1(a).

4. Services Agreement; License Agreements. As a condition to the Company's execution and delivery of this Amendment, Aligned LLC and Aligned Corp. shall concurrently enter into the Services Agreement and the HIPAA Business Associate Agreement attached thereto, and the Services Agreement and such HIPAA Business Associate Agreement shall each be deemed to be a Transaction Document under the Purchase Agreement. Each License Agreement, if any, shall be deemed to be a Transaction Document under the Purchase Agreement.

5. Consulting Arrangements. Khalil and Reese shall continue to provide consulting services to the Company pursuant to their Consulting Agreements in accordance with the terms thereof.

6. Consent of Anthem Blue Cross. The Aligned Parties represent and warrant that they have obtained the consent of Anthem Blue Cross to the terms of this Amendment and the Services Agreement.

7. Restatement of Schedule 2.2. Schedule 2.2 to the Purchase Agreement is hereby amended and restated in its entirety as attached hereto.

8. Effect of Amendment. Except as expressly amended by this Amendment, all of the terms of the Purchase Agreement and the Transaction Documents shall remain unchanged and in full force and effect, including without limitation (a) Buyer's and the Company's rights to and ownership of revenues and profits associated with the Designated Contracts outside of the Aligned Territories and (b) the terms of Section 5.1 of the Purchase Agreement, including as they relate to the Hospitalist Business. In the event of any inconsistency or conflict between the provisions of the Purchase Agreement and this Amendment, the provisions of this Amendment will prevail and govern.

9. Counterparts. The parties may execute this Amendment in any number of counterparts and, as so executed, the counterparts shall constitute one and the same agreement. The parties agree that each such counterpart is an original and shall be binding upon all of the parties, even though all of the parties are not signatories to the same counterpart.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

APOLLO MEDICAL HOLDINGS, INC.,
a Delaware corporation

By: /s/ Warren Hosseinion
Name: Warren Hosseinion
Title: Chief Executive Officer and Director

ALIGNED HEALTHCARE GROUP – CALIFORNIA, INC.,
a California professional medical corporation

By: /s/ Hany Khalil
Name: Hany Khalil
Title: President

ALIGNED HEALTHCARE GROUP LLC,
a California limited liability company

By: /s/ Marcelle Khalil
Name: Marcelle Khalil
Title: Managing Member

By: /s/ Raouf Khalil
RAOUF KHALIL

By: /s/ Jamie McReynolds
JAMIE MCREYNOLDS, M.D.

By: /s/ BJ Reese
BJ REESE

BJ REESE & ASSOCIATES, LLC

By: /s/ BJ Reese
Name: BJ Reese
Title: Managing Member

EXHIBIT 10.10

SERVICES AGREEMENT

This SERVICES AGREEMENT (this "Agreement") is made and entered into as of July 8, 2011 (the "Effective Date"), by and between Aligned Healthcare, Inc., a California corporation (the "**Company**"), Aligned Healthcare Group LLC, a California limited liability company ("**Aligned LLC**"), and Aligned Healthcare Group – California, Inc., a California professional medical corporation ("**Aligned Corp.**"). Aligned LLC and Aligned Corp are sometimes collectively referred to herein as the "**Aligned Parties**" and individually as an "**Aligned Party**". All parties hereto are sometimes collectively referred to herein as the "**Parties**" or individually as a "**Party**."

A. Apollo Medical Holdings, Inc., a Delaware corporation ("**ApolloMed**"), purchased the outstanding shares of the Company, pursuant to that certain Stock Purchase Agreement, dated as of February 14, 2011 (the "**Original Purchase Agreement**"), by and among ApolloMed, the Company, Aligned LLC, Aligned Corp. and certain other parties named therein, as amended by the First Amendment to Purchase Agreement dated July 8, 2011 (" **First Amendment** " and, together with the Original Purchase Agreement, the "**Purchase Agreement**"). Capitalized terms used but not defined in this Agreement shall have the meanings given to such terms in the Purchase Agreement.

B. The Parties agreed in the First Amendment that the Aligned Parties may engage in the Call Center Business outside of the Aligned Territory solely as and to the extent expressly provided in this Agreement and the First Amendment.

C. The Parties desire enter into this Agreement to further define their rights and obligations with respect to the Designated Contracts and the Call Center Business (which, as defined in the Purchase Agreement, includes the Wrap Around Business).

D. But for Aligned Corp. and Aligned LLC executing and delivering this Agreement, the Company and ApolloMed would not have entered into the First Amendment.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, representations, warranties, provisions and covenants herein contained, the parties hereto, each intending to be bound hereby, agree as follows:

1 . Designated Contracts. As provided in the Purchase Agreement, subject to the terms and conditions of this Agreement and the Purchase Agreement, Aligned LLC and Aligned Corp. may enter into one or more contracts with Anthem Blue Cross for the provision of services relating to the Call Center Business solely within the State of California (each such contract is referred to individually as a "**Designated Contract**" and, collectively, as the "**Designated Contracts**"). The Aligned Parties shall provide the Company with a copy of each draft of each proposed Designated Contract prior to the execution of such proposed Designated Contract (or any amendments, modifications, extensions or renewals thereof) within ten (10) days following receipt by any Aligned Party, and consult with the Company and ApolloMed as to any comments either party may have to such drafts. The Aligned Parties shall further provide the Company with a true and complete copy of each executed Designated Contract (and any amendments, modifications, extensions or renewals thereof) and all exhibits, schedules and attachments thereto within ten (10) days following the execution and delivery of such Designated Contract (or any amendments, modifications, extensions or renewals thereof). No Aligned Party shall enter into any Designated Contract or any amendments, modification, extensions or renewals thereof without the prior written consent of the Company. As provided in the Purchase Agreement, the Aligned Parties may also enter into contracts with any other health plan for the provision of services relating to the Call Center Business solely within the Aligned Territory, and such contracts shall not be deemed to be Designated Contracts.

2. License of Rights.

(a) Grant of License. Subject to the terms and conditions of this Agreement, the Company grants each Aligned Party that is a party to an Designated Contract a nonexclusive, nontransferable license to use the Marks and the Assets during the term of this Agreement solely in connection with the performance of such Designated Contract. The Aligned Parties may not use the Marks or the Assets for any other purpose and shall not have any right to sublicense or authorize others to use the Marks or the Assets in any manner. The Company expressly reserves all rights in the Marks and the Assets not expressly granted herein.

(b) Restrictions on Use of Marks and Assets. Other than the express rights licensed under this Agreement, each Aligned Party acknowledges that it is not acquiring any right, title or interest in or to the Marks or the Assets. No Aligned Party shall, whether during or after the term of this Agreement, adopt or apply for registration of any Mark, or any trade name or copyright that includes, refers to or uses, directly or indirectly, the Marks, or any design or logo of the Company or its affiliates, or any confusingly similar marks, names or designs. Specifically, the Aligned Parties shall not use the words or names, Aligned Healthcare, or any abbreviation, acronym or derivative thereof, or any confusingly similar word, name or abbreviation in its business name or in connection with any business operations in the United States outside of the Aligned Territory other than in connection with the performance of the Designated Contracts.

(c) Ownership of Rights. Each Aligned Party acknowledges and agrees that the Company is the sole owner of the Assets and has the exclusive right to use the Marks in the United States outside of the Aligned Territory, and is also the sole owner of all copyrights and other intellectual property rights to all of the foregoing, including all rights to register and apply for registration of such intellectual property rights. Each Aligned Party agrees that the license rights granted herein with respect to logos, unregistered marks and slogans exist only to the extent that the Company has such rights, and that no warranty, express or implied, is made by the Company with respect thereto or with respect to the absence of any rights of any third party that may conflict with the rights granted herein. Each Aligned Party agrees that it shall not, directly or indirectly, during or after the term of this Agreement, challenge or interfere with, or assist others to challenge or interfere with, the ownership and use of the Assets and the Marks by the Company.

3. Payments to the Company.

(a) Gross Revenues. The Aligned Parties shall pay to the Company all of the gross revenues paid to the Aligned Parties or any of their affiliates under the Designated Contracts ("**Gross Revenues**"), less the costs with respect to such Gross Revenues expressly described on Schedule A hereto (the "**Allowable Costs**"). The amount of Gross Revenues for any period less Allowable Costs for such period shall be the "**Net Revenues**" for such period, and the amount of Net Revenues for any period as adjusted as described on Schedule A hereto shall be the "**Adjusted Net Revenues**" for such period. Except as otherwise stated on Schedule A, no adjustments to or deductions of any kind or nature whatsoever shall be made from Gross Revenues. No Aligned Party shall take any credit or offset against Gross Revenues in the event of any uncollected or bad debt arising out of any Designated Contract or any penalty, fee, deduction, rebate or discount assessed or incurred in connection with any Designated Contract. Gross Revenues shall include, in addition to payments on invoiced billings received by the Aligned Parties, any and all other payments or amounts received by the Aligned Parties or any of their affiliates with respect to the Designated Contracts, and in no event shall the Gross Revenues reported by the Aligned Parties be less than the amounts actually received by the Aligned Parties from the Designated Contracts.

(b) Manner of Payment; Monthly Statements. The Aligned Parties shall pay to the Company within ten (10) days after receipt of any payment under or relating to any Designated Contract the Adjusted Net Revenues for the period covered by such payment. The Aligned Parties shall deliver to the Company with each payment of Adjusted Net Revenues a statement showing, at a minimum: (i) the amount of Gross Revenues for such period (with supporting computations), (ii) a detailed statement of all Allowable Costs deducted by the Aligned Parties from Gross Revenues for that period for the purposes of calculating Net Revenues (with supporting computations), (iii) the Net Revenues for that period and the calculations thereof and (iv) the Adjusted Net Revenues for that period and the calculations thereof (collectively, the "**Adjusted Net Revenue Calculations**"). Time is of the essence with respect to all payments under this Agreement. If payment is not received by the Company on the due date, a late charge of one-and-one-half percent (1-½%) per month, or the maximum legal rate, whichever is less, shall be added to the unpaid balance until said balance (plus all accrued interest) is paid in full.

(c) Resolution of Disputes. If the Company accepts the Adjusted Net Revenue Calculations for any period, or if the Company fails to give notice to the Aligned Parties of any objection within thirty (30) days after receipt of the Adjusted Net Revenue Calculations for any period, the Adjusted Net Revenue Calculations shall be the final and binding calculation of the Adjusted Net Revenues for the applicable period. If the Company gives notice to the Aligned Parties of an objection to such Adjusted Net Revenue Calculations within thirty (30) days after receipt of such Adjusted Net Revenue Calculations, the Company and the Aligned Parties shall attempt in good faith to resolve their differences. If the Company and the Aligned Parties are able to resolve their differences, the Adjusted Net Revenue Calculations, as modified to reflect the resolution of the differences between the Company and the Aligned Parties, shall be the final and binding calculation of the Adjusted Net Revenues for the applicable period. If, however, the Company and the Aligned Parties are unable to resolve their differences, the Company and the Aligned Parties shall submit any disputed items to a certified public accountant reasonably satisfactory to the Company and the Aligned Parties for a resolution of the dispute. The determination of the certified public accountant shall be final and binding on the Company and the Aligned Parties, and the Adjusted Net Revenue Calculations, as modified to reflect (i) those differences, if any, that the Company and the Aligned Parties were able to resolve, and (ii) the certified public accountant's determination with regard to the remaining disputed items, shall be the final and binding resolution of the Adjusted Net Revenues for the applicable period.

4. Certain Covenants and Obligations of the Aligned Parties.

(a) The Aligned Party that enters into each Designated Contract shall be solely responsible for the performance of its obligations under such Designated Contract, and, so long as no Aligned Party is in default under any Transaction Document, shall have exclusive operational authority relating to the services to be provided under each such Designated Contract. Each such Aligned Party shall, to the best of its ability, render the services under such Designated Contract in a timely and professional manner consistent with the highest professional and industry standards and all applicable legal requirements. In no event shall the Company or any of its affiliates have any obligation or liability whatsoever with respect to any of the duties or obligations of any Aligned Party under any Designated Contract, including without limitation the payment of any amounts to any party to a Designated Contract (including the Aligned Parties) in respect thereof.

(b) Within ten (10) days after receipt, the Aligned Parties shall provide the Company with copies of any and all notices, statements or other correspondence received from any counterparty to a Designated Contract or any of such counterparty's affiliates or representatives relating to any Designated Contract, including without limitation notices of default or breach or of such counterparty's termination or election to not renew any such Designated Contract.

(c) The Aligned Parties shall use their best efforts to collect promptly after they become due any and all amounts due and payable under the Designated Contracts, and shall hold any amounts received from any Person under the Designated Contracts in trust for the benefit of the Company until such amounts are allocated among the Aligned Parties and the Company and paid to the Company in accordance with the terms of this Agreement.

(d) If ApolloMed determines in its sole and absolute discretion that it is necessary or would be advisable to consolidate for financial reporting purposes the revenues received under the Designated Contracts pursuant to this Agreement, then the Aligned Parties shall reasonably cooperate ApolloMed and its auditors in facilitating such consolidation, and any costs associated therewith shall be split between ApolloMed and the Aligned Parties.

(e) No Aligned Party shall pledge, hypothecate, mortgage, grant liens in or upon, or grant security interests in, any of its assets, or otherwise use any such assets as collateral without the Company's prior written consent, which may be withheld by the Company in its sole discretion.

(f) No Aligned Party shall, without the Company's prior written consent, incur any indebtedness, unless any such indebtedness is incurred in the ordinary course or business or is explicitly subordinated to the amounts payable to the Company under this Agreement, which subordination shall be in a form reasonably acceptable to the Company, or loan any amounts to any directors, managers, officers, employees or affiliates of any Aligned Party.

(g) No Aligned Party shall redeem or otherwise repurchase, or pay any dividends or make any distributions in respect of, any of its shares, membership interests or other equity interests.

(h) The Aligned Parties shall maintain true and accurate books of account and records with respect to all transactions involving the Designated Contracts, in accordance with their historical accounting practices, consistently applied.

5. HIPAA Matters. As a condition to the Company's execution and delivery of this Agreement, Aligned LLC and Aligned Corp. shall concurrently enter into the HIPAA Business Associate Agreement attached thereto as Exhibit A.

6. Representations and Warranties of the Aligned Parties. The Aligned Parties represent, warrant and covenant that:

(a) Each Aligned Party has the full power and authority to enter into this Agreement and to perform its obligations hereunder and under each Designated Contract, without the need for any consents, approvals or immunities not yet obtained.

(b) This Agreement has been duly authorized, executed and delivered by each Aligned Party which is a party hereto and is the legal, valid and binding agreement of each such Aligned Party, enforceable against each such Aligned Party in accordance with its terms.

(c) Each Aligned Party and each of its professional employees shall comply with all statutes, laws, codes, standards, ordinances, rules, regulations, specifications, standards of care, judgments, orders and decrees (collectively, "**Laws**") applicable to such Aligned Party or any of such persons in the performance of such Aligned Party's obligations under this Agreement and the Designated Contracts, including, without limitation, any Laws relating to the practice of medicine.

7. Other Call Center Contracts. The Company, ApolloMed or their affiliates may, in their sole and exclusive discretion, enter into one or more contracts with third parties for the provision of services relating to the Call Center Business and which are not Designated Contracts (each such contract, an "**Other Call Center Contract**"). By way of example, the Company may enter into an Other Call Center Contract with a third party other than Anthem Blue Cross for the provision of services relating to the Call Center Business within the State of California or with any third party for the provision of services relating to the Call Center Business outside of the State of California. In connection with each such Other Call Center Contract, subject to the written consent of the counterparty to such Other Call Center Contract, the Company, ApolloMed or the affiliate thereof that enters into such Other Call Center Contract shall enter into a License Agreement with an Aligned Party in form and substance mutually agreeable to the Company and the Aligned Parties (each, a "**License Agreement**"). Each License Agreement shall provide, among other things, that (a) so long as no Aligned Party is in default under any Transaction Document, the Aligned Party shall have exclusive operational authority relating to the services to be provided under the applicable Other Call Center Contract, (b) the Aligned Party shall be entitled to payment for its services under the License Agreement in accordance with terms of that agreement, including an apportionment of costs similar to that set forth in this Agreement, (c) the Aligned Parties shall indemnify, defend and hold harmless the Company, ApolloMed and their respective affiliates for any claims or damages arising out of or related to the Aligned Parties' services under the License Agreement, (d) the Aligned Parties shall make customary representations and warranties and be bound by customary covenants relating to their performance of the License Agreement, including those relating to HIPAA compliance, (e) the Company shall license to the applicable Aligned Party the rights necessary to perform its services under the License Agreement, and (f) the Company shall be the exclusive owner of any and all work product or other intellectual property created by the Aligned Parties in connection with their engagement under the License Agreement.

8. Right to Examine Books and Records. The Company shall have the right, exercisable at its sole discretion at any time upon reasonable notice to the Aligned Parties, to audit the Aligned Parties' books and records to determine the accuracy of the Aligned Parties' statements and reports and the calculation of the amounts and payments due the Company hereunder, provided that the Company may not exercise this right more than once in any calendar quarter. The Company shall pay the cost of any such audit; provided, however, that if any audit reveals that the Aligned Parties have underpaid any amount due under this Agreement (an "**Underpayment**") by five percent (5%) or more, the Aligned Parties shall be required to and shall pay for the cost of such audit. Any Underpayment shall accrue a late charge at the rate of one-and-one-half percent (1 ½%) per month, or the maximum legal rate, whichever is less, from the date of the Underpayment until paid in full. If the audit reveals an Underpayment, the Aligned Parties shall pay the Company the amount of the Underpayment, all late charges thereon and the cost of the audit within thirty (30) days after the date the Company notifies Aligned Parties in writing of such Underpayment.

9. Insurance. Each Aligned Party shall maintain, at its own expense, the following insurance coverage with a financially sound insurance company acceptable to the Company throughout the term of this Agreement and for a period of three (3) years thereafter: (a) worker's compensation, occupational disease, employer's liability (with limits of not less than $1,000,000 for bodily injury), disability benefit and other similar insurance required under the laws of the State of California; (b) commercial general liability insurance including blanket contractual liability and personal injury coverage with a combined single limit of at least $5,000,000; and (c) professional liability insurance of not less than $1,000,000 per claim and $3,000,000 annual aggregate coverage limits. The Aligned Parties shall, upon execution of this Agreement and annually thereafter, deliver to the Company a certificate of such insurance from the insurance carriers setting forth the scope of coverage and the limits of liability required by this Section 9.

10. Indemnification. Each Aligned Party shall, jointly and severally, defend, indemnify and hold the Company, its affiliates and their respective officers, directors, employees, agents, affiliates, successors and assigns harmless from any and all suits, actions, claims, liabilities, losses, costs, expenses (including reasonable attorneys' fees and costs) and damages that the Company or any of such persons may incur or suffer as a result of, arising out of or in connection with, the Designated Contracts or the performance or failure by any Aligned Party to perform its duties under this Agreement or under any Designated Contract, or any breach by any Aligned Party of its obligations under this Agreement or under any Designated Contract or otherwise resulting from any act or omission of any Aligned Party in connection with its activities under or related to this Agreement or any Designated Contract. The Aligned Parties shall give the Company prompt notice in writing of all such suits, claims, complaints or other actions (including but not limited to any notice of default or breach from any counterparty under a Designated Contract), and the Aligned Parties shall assume and direct the defense thereof at their own cost, although the Company shall thereafter have the right to be represented by its own counsel in any such claim or proceeding.

11. Effect of Agreement. Except as expressly provided by this Agreement, all of the terms of the Purchase Agreement and the Transaction Documents shall remain unchanged and in full force and effect, including without limitation (a) ApolloMed's and the Company's rights to and ownership of revenues and profits associated with the Designated Contracts outside of the Aligned Territories and (b) the terms of Section 5.1 of the Purchase Agreement, including as they relate to the Hospitalist Business.

12. Termination. This Agreement may be terminated only as follows:

(a) by the Company upon (i) the determination of a court of competent jurisdiction that an Aligned Party has engaged in fraudulent conduct in connection with this Agreement or the performance of its obligations under any Designated Contract; (ii) the filing of a petition by or against any Aligned Party under any provision of the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time, or under any similar law relating to bankruptcy, insolvency or other relief for debtors and such proceeding shall not be dismissed or discharged within 30 days of commencement; or appointment of a receiver, trustee, custodian or liquidator of or for all or any part of the assets or property of any Aligned Party; or the insolvency of any Aligned Party; or the making of a general assignment for the benefit of creditors by any Aligned Party or the dissolution or liquidation of any Aligned Party; or the taking of any action for the purpose of effecting any of the foregoing or any analogous action in any other jurisdiction; or any Aligned Party ceases to carry on its business or substantially the whole of its business or substantially changes the nature of its business; or (iii) the material breach by any Aligned Party under this Agreement or under any Designated Contract.

(b) by the Aligned Parties upon (i) the determination of a court of competent jurisdiction that the Company has engaged in fraudulent conduct in connection with this Agreement; or (ii) the filing of a petition by or against the Company under any provision of the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time, or under any similar law relating to bankruptcy, insolvency or other relief for debtors and such proceeding shall not be dismissed or discharged within 30 days of commencement; or appointment of a receiver, trustee, custodian or liquidator of or for all or any part of the assets or property of the Company; or the insolvency of the Company; or the making of a general assignment for the benefit of creditors by the Company or the dissolution or liquidation of the Company; or the taking of any action for the purpose of effecting any of the foregoing or any analogous action in any other jurisdiction; or the Company ceases to carry on its business or substantially the whole of its business or substantially changes the nature of its business; or

(c) by mutual written agreement of the Parties;

provided, however, that the termination of this Agreement shall not terminate the Parties' rights and obligations with respect to any Designated Contract then in effect, and this Agreement shall remain in effect as a binding obligation of the Parties with respect to any such Designated Contract until such Designated Contract terminates.

1 3 . Notices. Any notices or other communications required or permitted hereunder shall be sufficiently given if sent by certified mail, postage prepaid, or delivered by hand or courier, addressed as follows:

To the Company:

450 N. Brand Blvd.
Suite 600
Glendale, California 91203
Attn.: Chief Executive Officer
Fax: (818) 291-6444

With a copy to:
Shartsis Friese LLP
One Maritime Plaza, 18th Floor
San Francisco, CA 94111-3598
Attn: P. Rupert Russell, Esq.
Fax: (415) 421-2922

To the Aligned Parties:

Aligned Healthcare Group LLC
Aligned Healthcare Group – California, Inc.
860 Hampshire Road, Suite A
Westlake Village, CA 91361
Attn: Raouf Khalil
Fax: (805) 379-0267

With a copy to:
Carl D. Hasting, Esq.
Attorney at Law
Certified Public Accountant
CDH Associates, Inc.
5655 Lindero Canyon Rd., Suite 226
Westlake Village, CA 91362
Fax: (818) 879-1562

or such other address as shall be furnished in writing by any party, and any such notice or communication shall be deemed to have been given as of the date so mailed or, if delivered by hand or courier, on the date received.

14. Non-Agency of Parties. This Agreement does not constitute and shall not be construed as constituting an agency, a partnership or joint venture between the Company and any of the Aligned Parties. No Aligned Party shall have any right to obligate or bind the Company or any of its affiliates in any matter whatsoever.

15. Expenses. All legal and other costs and expenses incurred by the Company, on the one hand, and the Aligned Parties, on the other hand, in connection with the preparation and negotiation of this Agreement, shall be borne by the Company and the Aligned Parties, respectively.

16. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective heirs, personal representative, successors and assigns.

17. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same and shall become effective when one or more counterparts have been signed by each party and delivered to the other Parties.

18. Interpretation. Each Party has been represented by sophisticated counsel in this transaction and agrees that if any issue arises as to the meaning or construction of any word, phrase or provision hereof, that no Party shall be entitled to the benefit of the principles of the construction and interpretation of contracts or written instruments which provide that any ambiguity is to be construed in favor of the Party who did not draft the disputed word, phrase or provision.

19. Choice of Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California, without regard to the choice of law principles thereof.

20. Section Headings. The section headings are for reference only and shall not limit or control the meaning of any provision of this Agreement.

21. Severability. If any provision of this Agreement shall be held invalid under any applicable law, such invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision, and, to this end, the provisions hereof are severable.

22. Third Party Beneficiary. ApolloMed is an intended third party beneficiary of this Agreement and shall be entitled to enforce the terms of this Agreement as if it were a signatory hereto.

23. Nonassignability.

(a) No Assignment. Neither this Agreement nor any of the Aligned Parties' rights hereunder are assignable or transferable by any Aligned Party, without the Company's prior written consent, which may be withheld in the Company's sole discretion. Each of the following shall be deemed to be an assignment of this Agreement for purposes of this Section 23(a): (i) any merger or reorganization involving an Aligned Party, (ii) the sale, exclusive license or other transfer of all or substantially all of the assets of an Aligned Party, or (iii) the transfer of more than twenty-five percent (25%) in the aggregate of the shares of stock or other evidence of beneficial ownership (or other beneficial interests) of an Aligned Party. The Company may assign its rights under this Agreement without the Aligned Parties' consent.

(b) No Sublicense. No Aligned Party may grant any sublicenses of any of its rights under this Agreement without the Company's prior written consent, which may be withheld in the Company's sole discretion. No Aligned Party may subcontract any Designated Contract or the performance of any Designated Contract without the Company's prior written consent, which may be withheld in the Company's sole discretion.

24. No Implied Waivers. The failure of any Party at any time to require performance by any other Party of any provision hereof shall not affect in any way the full right to require such performance at any time thereafter. The waiver by any Party of a breach of any provision hereof shall not be construed or held to be a waiver of the provision itself.

25. Time. Time is of the essence of this Agreement.

26. Equitable Remedies. In addition to any other rights or remedies available at Law or in equity, upon the breach or threatened breach of any of the covenants, agreements or obligations of any Party, the non-breaching Party shall be entitled to file an action for specific performance or injunctive or other equitable relief without being required to post a bond or provide any other security.

27. Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and shall not preclude any Party from asserting any other right, or seeking any other remedies, against any other Party.

28. Further Action. Each Party agrees to act in good faith and to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions hereof.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

ALIGNED HEALTHCARE, INC.,
a California corporation

By: /s/ Warren Hosseinion
Name: Warren Hosseinion
Title: Chief Executive Officer

ALIGNED HEALTHCARE GROUP – CALIFORNIA, INC.,
a California professional medical corporation

By: /s/ Hany R. Khalil
Name: Hany R. Khalil
Title: President

ALIGNED HEALTHCARE GROUP LLC,
a California limited liability company

By: /s/ Marcelle Khalil
Name: Marcelle Khalil
Title: Managing Member

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL ACCOUNTING OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Warren Hosseinion, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apollo Medical Holdings, Inc.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: September 14, 2011

By: Warren Hosseinion

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL ACCOUNTING OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kyle Francis, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Apollo Medical Holdings, Inc.

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: September 14, 2011

By: Kyle Francis

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Apollo Medical Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren Hosseinion, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Date: September 14, 2011

By: Warren Hosseinion

Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Apollo Medical Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended July 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kyle Francis, Chief Financial Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Dated: September 14, 2011

By: Kyle Francis

Chief Financial Officer