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

FORM 10-K/A

Amendment No.1

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal period ended January 31, 2011

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT**

For the transition period from __________ to __________

Commission File No.
000-25809

Apollo Medical Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-8046599**
State of Incorporation	IRS Employer Identification No.

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

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each Class	Name of each Exchange on which Registered
	None

Securities Registered Pursuant to Section 12(g) of the Act:
Common Stock, $.001 Par Value

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

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 website, 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 registrant was required to submit and post such files).
Yes ☐ No ☐

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

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

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

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

The aggregate market value of the shares of voting common stock held by non-affiliates of the Registrant computed by reference to the price at which the common stock was last sold on OTCQB on July 31, 2010, the last business day of the Registrant's most recently completed second fiscal quarter, was $736,110. Solely for purposes of the foregoing calculation, all of the registrant's directors and officers as of July 31, 2010 are deemed to be affiliates. This determination of affiliate status for this purpose does not reflect a determination that any persons are affiliates for any other purpose.

As of April 30 , 2011, there were 28,985,774 shares of common stock, $.001 par value per share, issued and outstanding.

APOLLO MEDICAL HOLDINGS, INC.
FORM 10-K
FOR THE TWELVE MONTHS ENDED JANUARY 31, 2011

EXPLANATORY NOTE

Apollo Medical Holdings, Inc. is filing this Amendment No. 1 (this "Amendment") to its Annual Report on Form 10-K for the fiscal year ended January 31, 2011 in response to comments received from the SEC.

This Amendment No. 1 speaks as of the filing date of the original Annual Report on Form 10-K, except where otherwise expressly stated and except for the certifications, which speak as of their respective dates and the filing date of this Amendment No. 1. The information contained in this Amendment No. 1 has not been updated to reflect events occurring or trends arising after the original filing date of the original Annual Report on Form 10-K.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, this Amendment republishes the amended items in their entirety."

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Introductory Comment

Unless context dictates otherwise, references in this Annual Report on Form 10-K (the "Report") to the "Company," "we," "us," "our" and similar words are to Apollo Medical Holdings, Inc. ("Apollo"), and its wholly owned subsidiaries and affiliated medical groups: (i) Apollo Medical Management, Inc. ("AMM") and (ii) ApolloMed Hospitalists ("AMH").

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our results of operations and financial operations. This discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere herein, and with our prior filings with the Securities Exchange Commission (the "SEC").

Disclosure Regarding Forward-Looking Statements - Cautionary Statement

We caution readers that this Report contains "forward-looking statements". Forward-looking statements, written, oral or otherwise, are based on the Company's current expectations or beliefs rather than historical facts concerning future events, and they are indicated by words or phrases such as (but not limited to) "anticipate," "could," "may," "might," "potential," "predict," "should," "estimate," "expect," "project," "believe," "think," "intend," "plan," "envision," "continue," "intend," "target," "contemplate," "budgeted," or "will" and similar words or phrases or comparable terminology. Forward-looking statements involve risks and uncertainties. The Company cautions that these statements are further qualified by important economic, competitive, governmental and technological factors that could cause the Company's business, strategy, or actual results or events to differ materially, or otherwise, from those in the forward-looking statements. We have based such forward-looking statements on our current expectations, assumptions, estimates and projections, and therefore there can be no assurance that any forward-looking statement contained herein, or otherwise made by the Company, will prove to be accurate. The Company assumes no obligation to update the forward-looking statements.

The Company has a relatively limited operating history compared to others in the same business and is operating in a rapidly changing industry environment, and its ability to predict results or the actual effect of future plans or strategies, based on historical results or trends or otherwise, is inherently uncertain. While we believe that these forward-looking statements are reasonable, they are merely predictions or illustrations of potential outcomes, and they involve known and unknown risks and uncertainties, many beyond our control, that are likely to cause actual results, performance, or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors that could have a material adverse affect on the operations and future prospects of the Company on a condensed basis include those factors discussed under Item 1A "Risk Factors" and Item 7, "Management's Discussion and Analysis or Plan of Operation" in this Report, and include, but are not limited to, the following:

- Our ability to attract and retain management, and to integrate and maintain technical information and management information systems;
- Our ability to raise capital when needed and on acceptable terms and conditions;
- The intensity of competition; and
- General economic conditions.

All written and oral forward-looking statements made in connection with this Report that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

Overview

Apollo Medical Holdings, Inc. originally incorporated in Delaware on November 1, 1985 as McKinnely Investments, Inc. The Company changed its name to Accoline Industries, Inc. on November 5, 1986 and again changed its name to Siclone Industries, Inc. on May 24, 1988. Until June 2008, the Company had no active business operations.

Apollo Medical Holdings, Inc. and its subsidiaries are 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 inpatient facilities such as a hospitals and Long Term Acute Care (LTAC) facilities and is focused on providing, managing and coordinating the care of hospitalized patients. As of April 30, 2011, the Company provides hospitalist services to a range of medical groups, health plans, community physicians and hospital clients at 19 hospitals. The Company is currently headquartered in Glendale, California.

The Company 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"). 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.

Organizational History

On June 13, 2008, Siclone Industries, Inc. ("Siclone"), Apollo Acquisition Co., Inc., a wholly owned subsidiary of Siclone ("Acquisition"), Apollo Medical Management, Inc. ("Apollo Medical") and the shareholders of Apollo Medical entered into an agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, Apollo Medical merged with and into Acquisition, becoming a wholly owned subsidiary of Siclone. The former shareholders of Apollo Medical received 20,933,490 shares of Siclone's common stock in the acquisition.

The acquisition of Apollo Medical is accounted for as a reverse acquisition under the purchase method of accounting since the shareholders of Apollo Medical obtained control of the consolidated entity. Accordingly, the reorganization of the two companies is recorded as a recapitalization of Apollo Medical, with Apollo Medical being treated as the continuing operating entity. The historical financial statements presented herein will be those of Apollo Medical. The continuing entity retained January 31 as its fiscal year end. The financial statements of the legal acquirer are not significant; therefore, no pro forma financial information is submitted. On July 1, 2008, the surviving entity (i.e., the combined entity of Acquisition and Apollo Medical) changed its name to Apollo Medical Management, Inc. (AMM). On July 3, 2008, Siclone changed its name to Apollo Medical Holdings, Inc. Following the merger, the Company is headquartered in Glendale, California.

On August 1, 2008, AMM completed negotiations and executed a formal Management Services Agreement with ApolloMed Hospitalists ("AMH"), under which AMM will provide management services to AMH. The Agreement is effective as of August 1, 2008 and will allow AMM, which operates as a Physician Practice Management Company, to consolidate AMH, which operates as a Physician Practice, in accordance with ASC 810-10 "Consolidation of Entities Controlled By Contract" subsections. The Management Services Agreement was amended on March 20, 2009 to allow for the calculation of the fee on a monthly basis with payment of the calculated fee each month. AMH is controlled by Dr. Hosseinion and Dr. Vazquez, the Company's Chief Executive Officer and President, respectively.

Hospitalist Industry Overview

Hospitalists are physicians who spend their professional time serving as the physicians-of-record for inpatients. Today, many primary care physicians/healthcare providers use hospitalists to care for their patients when they visit emergency rooms or are admitted to the hospital. The hospitalist handles the patient's care during the time spent in the hospital, and communicates often with the patient's primary care physician about the patient's progress. At the time of discharge from the hospital, the hospitalists returns the patient back to the care of their primary care providers. According to the Society of Hospital Medicine, the number of hospitalists in the U.S. has grown from a few hundred in 1996 to over 20,000 today in response to a need for more efficient delivery of inpatient care. It is anticipated that as many as 33,000 hospitalists may be currently needed for full coverage of inpatients in the United States.

Rising healthcare expenditures is a key motivating factor behind the utilization of hospitalists. An aging population, advancements in medical technology, and the rising cost of pharmaceuticals are just some of the forces driving up healthcare costs. Hospital medicine has developed as a specialty with unique characteristics and expertise. Hospitalists have specialized skills, knowledge, and relationships that contribute value to hospitals, physicians, patients, and health plans. These skills go beyond the delivery of quality patient care to hospital inpatients and include:

- Providing measurable quality improvement through setting standards and compliance;
- Saving money and resources by reducing the patient's length of stay and achieving better utilization;
- Improving the efficiency of the hospital by early patient discharge, better throughput in the emergency department (ED), and the opening up of ICU beds;
- Creating a seamless continuity from inpatient to outpatient care, from the ED to the hospital floor, and from the ICU to the hospital floor;
- Creating teams of healthcare professionals that make better use of the resources at the hospital and create a better working environment for nurses and others;
- Creating synergies between emergency and inpatient hospital services by the management of both areas through the Company's strategy of acquisitions of both ER and hospitalist groups; and
- Managing acutely ill, complex hospitalized patients.

In today's healthcare environment, patients are generally admitted to hospitals and cared for by primary care physicians (PCPs). The demands of modern medical practice, however, require that PCPs spend most of their time in outpatient practices, limiting their availability to care for hospitalized patients. These requirements and demands have led to ever-diminishing quality of inpatient care, longer hospital stays, and higher costs to the insurance companies. Over the past few years, hospital-based physicians, or hospitalists (i.e. those physicians that do not have a separate outpatient practice), are becoming a regular part of the healthcare landscape allowing PCPs to focus on outpatient office visits. Generally hospital-based physicians:

- are medical doctors that spend their time in the inpatient environment, making them familiar with hospital systems, policies, services, departments, and staff;
- are in-patient experts who possess clinical credibility when addressing key issues regarding the inpatient environment; and
- understand the tradeoffs involved in balancing the needs of the hospital with those of the medical staff; they tend to have an intimate knowledge of the issues that the hospital is facing and are invested in finding solutions to these problems.

Principal Services and Markets

The Company provides management services to medical groups that provide comprehensive inpatient care services. We offer a comprehensive set of integrated medical services to hospitals, health carriers and medical groups as well as individual physicians, through our affiliated medical groups, as follows:

Services for Hospitals

- Providing care from the emergency room through hospital discharge;
- Admission and care of unassigned and/or uninsured patients;
- Inpatient internal medicine consultation services;
- Emergency room Clinical Decision Unit services to improve throughput and ease overcrowding;
- Development of hospital-based physicians programs, including pulmonary, critical care, cardiology and nephrology;
- 24/7 in-hospital inpatient coverage services;
- Development of evidence-based medicine protocols for common diagnoses;
- Implementation of patient safety guidelines;
- Education of nurses and hospital staff;
- Analysis of statistics via the ApolloWeb (discussed further below) database, including length of stay, bed days/1000 admissions, and readmission rates; and
- Care of patients at academic medical centers, including the education of medical students, interns and residents.

Services for Health Carriers and Medical Groups

- Admission and care of assigned patients;
- Consistent communication with primary care physicians upon admission, during the patient's hospital stay, and upon discharge;
- Rapid transfer of out-of-network patients back to designated hospitals;
- 24/7 in-hospital inpatient coverage services;
- Consistent communication with case managers, social workers, and medical group personnel;
- Hospital-based physician consulting services; and
- Analysis of statistics via the ApolloWeb database technology.

Services for Individual Physicians

Hospital-based services for physicians on weekends, holidays, or for those who do not wish to come to the hospital; primary care physicians can benefit from this arrangement because they have more time to focus on outpatient care.

Competition

The healthcare industry is highly competitive, and the market for hospitalists within this industry is highly fragmented. The Company faces competition from numerous small hospitalist practices as well as large physician groups. Some of these competitors operate on a national level, such as Emcare, Team Health and IPC and may have greater financial and other resources available to them.

In addition, because the market for hospitalist services is highly fragmented and the ability of individual physicians to provide services in any hospital where they have certain credentials and privileges, competition for growth in existing and expanding markets is not limited to our largest competitors.

Growth Strategy

We anticipate that we will grow our business by two primary methods, organic growth and acquisitions.

Organic Growth

The Company has initiated a marketing plan focused on targeting hospitals, hospital chains, health carriers/HMOs, medical groups and individual physicians. We have commenced a physician recruitment campaign aimed at attracting physicians to meet the expected increase in demand for our services. This campaign will be driven by utilizing direct contacts with internal medicine residency programs, advertising in professional journals, and on-line advertising programs. We believe we have a competitive advantage in attracting highly qualified physicians by offering recruits, through our affiliated medical groups, competitive salary and benefits including, if appropriate, incentive-based stock options as part of the compensation package.

We expect to add key personnel to our business operations in order implement our growth strategy. Management believes that this will include a marketing division, expanding the billing department, and establishing a case management division. We also intend to upgrade our information technology systems to keep pace with growth. This could include: (1) upgrading the ApolloWeb technology, (2) integration of billing and collections functions, (3) electronic medical records, and (4) upgrading the wireless technology system.

Acquisitions

The Company also plans to grow through mergers and acquisitions. Targeted mergers/acquisitions will focus on hospitalist groups, other hospital-based specialty physicians and care and utilization management groups. We believe that we may have a competitive advantage in closing potential mergers/acquisitions as a publicly-traded company, which could provide us with access to additional capital and the ability to utilize our stock as part of the compensation package to the stockholders of the target companies.

Technology

AMH and Drs. Hosseinion and Vazquez have developed, and own, a proprietary web-based, practice management software program for hospital-based physicians. The system, known as ApolloWeb allows a physician to enter patient information in real-time at a patient's bedside via a 3G broadband-enabled PDA or a desktop computer. ApolloWeb is capable of generating:

- real-time, comprehensive statistical data
- complete HCFA(Health Care Financing Administration) billing forms
- patient admissions and discharge summaries, including major test results and necessary follow-ups
- faxes or emails to primary care physicians with the aforementioned information.

It is expected that additional features will be added to enhance the ApolloWeb technology, several of which include an Electronic Medical Record (EMR) platform and a quality control component in the near future. In exchange for the Company's management services, AMH and Drs. Hosseinion and Vazquez currently make ApolloWeb available to the Company for its use at no charge in its business operations.

Geographic Coverage

As of April 30, 2011, we provide hospitalist services at 19 acute-care hospitals and LTAC facilities in Greater Los Angeles, CA.

Professional Liability and Other Insurance Coverage

Our business has an inherent risk of claims of medical malpractice against our affiliated physicians and us. We or our physician contractors pay premiums for third-party professional liability insurance that indemnifies us and our affiliated hospitalists on a claims-made basis for losses incurred related to medical malpractice litigation. Professional liability coverage is required in order for our affiliated hospitalists to maintain hospital privileges. All of our physicians carry first dollar coverage with limits of coverage with limits of liability equal to $1,000,000 for all claims based on occurrence up to an aggregate of $3,000,000 per year.

We believe that our insurance coverage is appropriate based upon our claims experience and the nature and risks of our business. In addition to the known incidents that have resulted in the assertion of claims, we cannot be certain that our insurance coverage will be adequate to cover liabilities arising out of claims asserted against us, our affiliated professional organizations or our affiliated hospitalists in the future where the outcomes of such claims are unfavorable. We believe that the ultimate resolution of all pending claims, including liabilities in excess of our insurance coverage, will not have a material adverse effect on our financial position, results of operations or cash flows; however, there can be no assurance that future claims will not have such a material adverse effect on our business.

We also maintain worker's compensation, director and officer, and other third-party insurance coverage subject to deductibles and other restrictions in accordance with industry standards. We believe that our insurance coverage is appropriate based upon our claims experience and the nature and risks of our business. However, we cannot assure that any pending or future claim will not be successful or if successful will not exceed the limits of available insurance coverage.

Regulatory Matters

Significant Federal and State Healthcare Laws Governing Our Business

As a healthcare company, our operations and relationships with healthcare providers such as hospitals, other healthcare facilities, and healthcare professionals are subject to extensive and increasing regulation by numerous federal, state, and local government entities. These laws and regulations often are interpreted broadly and enforced aggressively by multiple government agencies, including the U.S. Department of Health and Human Services Office of the Inspector General, or the OIG, the U.S. Department of Justice, and various state authorities. We have included brief descriptions of some, but not all, of the laws and regulations that affect our business.

Imposition of sanctions associated with a violation of any of these healthcare laws and regulations could have a material adverse effect on our business, financial condition and results of operations. The Company cannot guarantee that its arrangements or business practices will not be subject to government scrutiny or be found to violate certain healthcare laws. Government investigations and prosecutions, even if we are ultimately found to be without fault, can be costly and disruptive to our business. Moreover, changes in healthcare legislation or government regulation may restrict our existing operations, limit the expansion of our business or impose additional compliance requirements and costs, any of which could have a material adverse affect on our business, financial condition and results of operations.

False Claims Acts

The federal civil False Claims Act imposes civil liability on individuals or entities that submit false or fraudulent claims for payment to the federal government. The False Claims Act provides, in part, that the federal government may bring a lawsuit against any person whom it believes has knowingly or recklessly presented, or caused to be presented, a false or fraudulent request for payment from the federal government, or who has made a false statement or used a false record to get a claim for payment approved. Private parties may initiate *qui tam* whistleblower lawsuits against any person or entity under the False Claims Act in the name of the government and may share in the proceeds of a successful suit.

The federal government has used the False Claims Act to prosecute a wide variety of alleged false claims and fraud allegedly perpetrated against Medicare and state healthcare programs. By way of illustration, these prosecutions may be based upon alleged coding errors, billing for services not rendered, billing services at a higher payment rate than appropriate, and billing for care that is not considered medically necessary. The government and a number of courts also have taken the position that claims presented in violation of certain other statutes, including the federal Anti-Kickback Statute or the Stark Law, can be considered a violation of the False Claims Act based on the theory that a provider impliedly certifies compliance with all applicable laws, regulations, and other rules when submitting claims for reimbursement.

Penalties for False Claims Act violations include fines ranging from $5,500 to $11,000 for each false claim, plus up to three times the amount of damages sustained by the government. A False Claims Act violation may provide the basis for the imposition of administrative penalties as well as exclusion from participation in governmental healthcare programs, including Medicare and Medicaid. In addition to the provisions of the False Claims Act, which provide for civil enforcement, the federal government also can use several criminal statutes to prosecute persons who are alleged to have submitted false or fraudulent claims for payment to the federal government.

A number of states have enacted false claims acts that are similar to the federal False Claims Act. Even more states are expected to do so in the future because Section 6031 of the Deficit Reduction Act of 2005, or the DRA, amended the federal law to encourage these types of changes, along with a corresponding increase in state initiated false claims enforcement efforts. Under the DRA, if a state enacts a false claims act that is at least as stringent as the federal statute and that also meets certain other requirements, the state will be eligible to receive a greater share of any monetary recovery obtained pursuant to certain actions brought under the state's false claims act. The OIG, in consultation with the Attorney General of the United States, is responsible for determining if a state's false claims act complies with the statutory requirements. Currently, 19 states, including California, and the District of Columbia have some form of state false claims acts.

Anti-Kickback Statutes

The federal Anti-Kickback Statute is a provision of the Social Security Act that prohibits as a felony offense the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, (1) the referral of a patient for items or services for which payment may be made in whole or part under Medicare, Medicaid or other federal healthcare programs, (2) the furnishing or arranging for the furnishing of items or services reimbursable under Medicare, Medicaid or other federal healthcare programs or (3) the purchase, lease, or order or arranging or recommending the purchasing, leasing or ordering of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The OIG, which has the authority to impose sanctions for violation of the statute, has adopted a judicial interpretation that the statute prohibits any arrangement where even one purpose of the remuneration is to induce or reward referrals. A violation of the Anti-Kickback Statute is a felony punishable by imprisonment, criminal fines of up to $25,000, civil fines of up to $50,000 per violation and three times the amount of the unlawful remuneration. A violation also can result in exclusion from Medicare, Medicaid or other federal healthcare programs. In addition, pursuant to the changes of PPACA, a violation of the Anti-Kickback Statute is a false claim for purposes of the False Claims Act.

Due to the breadth of the Anti-Kickback Statute's broad prohibitions, statutory exceptions exist that protect certain arrangements from prosecution. In addition, the OIG has published safe harbor regulations that specify arrangements that also are deemed protected from prosecution under the Anti-Kickback Statute, provided all applicable criteria are met. The failure of an activity to meet all of the applicable safe harbor criteria does not necessarily mean that the particular arrangement violates the Anti-Kickback Statute, but these arrangements may be subject to scrutiny and prosecution by enforcement agencies.

Some states have enacted statutes and regulations similar to the Anti-Kickback Statute, but which may be applicable regardless of the payor source for the patient. These state laws may contain exceptions and safe harbors that are different from and/or more limited than those of the federal law and that may vary from state to state.

Due to the breadth of the Anti-Kickback Statute's broad prohibition, there are a few statutory exceptions that protect various common business transactions and arrangements from prosecution. In addition, the OIG has published safe harbor regulations that outline other arrangements that also are deemed protected from prosecution under the Anti-Kickback Statute, provided all applicable criteria are met. The failure of an activity to meet all of the applicable safe harbor criteria does not necessarily mean that the particular arrangement violates the Anti-Kickback Statute, but these arrangements will be subject to greater scrutiny by enforcement agencies.

Some states have enacted statutes and regulations similar to the Anti-Kickback Statute, but which may be applicable regardless of the payer source of the patient. These state laws may contain exceptions and safe harbors that are different from those of the federal law and that may vary from state to state.

Federal Stark Law

The federal Stark Law, also known as the physician self-referral law, generally prohibits a physician from referring Medicare and Medicaid patients to an entity (including hospitals) providing ‘‘designated health services,’’ if the physician or a member of the physician’s immediate family has a ‘‘financial relationship’’ with the entity, unless a specific exception applies. Designated health services include, among other services, inpatient and outpatient hospital services, clinical laboratory services, certain imaging services, and other items or services that our affiliated physicians may order. The prohibition applies regardless of the reasons for the financial relationship and the referral; and therefore, unlike the federal Anti-Kickback Statute, intent to violate the law is not required. Like the Anti-Kickback Statute, the Stark Law contains a number of statutory and regulatory exceptions intended to protect certain types of transactions and business arrangements from penalty. Compliance with all elements of the applicable Stark Law exception is mandatory.

The penalties for violating the Stark Law include the denial of payment for services ordered in violation of the statute, mandatory refunds of any sums paid for such services and civil penalties of up to $15,000 for each violation, double damages, and possible exclusion from future participation in the governmental healthcare programs. A person who engages in a scheme to circumvent the Stark Law’s prohibitions may be fined up to $100,000 for each applicable arrangement or scheme.

Some states have enacted statutes and regulations similar to the Stark Law, but which may be applicable to the referral of patients regardless of their payer source and which may apply to different types of services. These state laws may contain statutory and regulatory exceptions that are different from those of the federal law and that may vary from state to state.

Health Information Privacy and Security Standards

Among other directives, the Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act of 1996, or HIPAA, required the Department of Health and Human Services, or the HHS, to adopt standards to protect the privacy and security of certain health-related information. The HIPAA privacy regulations contain detailed requirements concerning the use and disclosure of individually identifiable health information by “HIPAA covered entities,” which include entities like the Company, our affiliated hospitalists, and practice groups.

In addition to the privacy requirements, HIPAA covered entities must implement certain administrative, physical, and technical security standards to protect the integrity, confidentiality and availability of certain electronic health information received, maintained, or transmitted. HIPAA also implemented the use of standard transaction code sets and standard identifiers that covered entities must use when submitting or receiving certain electronic healthcare transactions, including activities associated with the billing and collection of healthcare claims.

The American Recovery and Reinvestment Act enacted on February 18, 2009, included the Health Information Technology for Economic and Clinical Health Act (HITECH) which modified the HIPAA legislation significantly. Pursuant to HITECH, certain provisions of the HIPAA privacy and security regulations become directly applicable to “HIPAA business associates,” which include IPC when we are working on behalf of our practice groups.

Violations of the HIPAA privacy and security standards may result in civil and criminal penalties. Historically, these included: (1) civil money penalties of $100 per incident, to a maximum of $25,000, per person, per year, per standard violated and (2) depending upon the nature of the violation, fines of up to $250,000 and imprisonment for up to ten years. The passage of HITECH significantly modified the enforcement structure, creating a tiered system of civil money penalties that range from $100 to $50,000 per violation, with a cap of $1.5 million per year for identical violations. We must also comply with the recently promulgated “breach notification” regulations, which implement certain provisions of HITECH. Under these regulations, in addition to reasonable remediation, covered entities must promptly notify affected individuals in the case of a breach of “unsecured PHI,” which is defined by HHS guidance, as well as the HHS Secretary and the media in cases where a breach affects more than 500 individuals. Breaches affecting fewer than 500 individuals must be reported to the HHS Secretary on an annual basis. The regulations also require business associates of covered entities to notify the covered entity of breaches at or by the business associate. Formal enforcement of the new breach notification regulations began on February 22, 2010 and we have taken reasonable steps to reduce the amount of unsecured PHI we handle and retain.

In light of HITECH, we expect increased federal and state HIPAA privacy and security enforcement efforts. State Attorney Generals now have the right to prosecute HIPAA violations committed against residents of their states. In addition, HITECH mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities and their business associates. It also tasks HHS with establishing a methodology whereby harmed individuals who were the victims of breaches of unsecured PHI may receive a percentage of the Civil Monetary Penalty fine paid by the violator. This methodology for compensation to harmed individuals is required to be in place by February 17, 2012.

Many states in which we operate also have laws that protect the privacy and security of confidential, personal information. These laws may be similar to or even more protective than the federal provisions. Not only may some of these state laws impose fines and penalties upon violators, but some may afford private rights of action to individuals who believe their personal information has been misused.

Financial Information and Privacy Standards

In addition to privacy and security laws focused on health care data, multiple other federal and state laws regulate the use and disclosure of consumer's financial information (Personal Information). Many of these laws also require administrative, technical, and physical safeguards to prevent unauthorized use or disclosure of Personal Information, including mandated processes and timeframes for notification of possible or actual breaches of Personal Information to the affected individual. The Federal Trade Commission primarily oversees compliance with the federal laws relevant to us, while state laws are addressed by the state attorney general or other respective state agencies. As with HIPAA, enforcement of laws protecting financial information is increasing. Examples of relevant federal laws include the Fair Credit Reporting Act, the Electronic Communications Privacy Act, and the Computer Fraud and Abuse Act.

Fee-Splitting and Corporate Practice of Medicine

Some states have laws that prohibit business entities, such as Apollo, from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians, also known collectively as the corporate practice of medicine, or engaging in certain arrangements, such as fee-splitting, with physicians. In some states these prohibitions are expressly stated in a statute or regulation, while in other states the prohibition is a matter of judicial or regulatory interpretation.

The Company operates by maintaining long-term management contracts with affiliated professional organizations, which are each owned and operated by physicians and which employ or contract with additional physicians to provide hospitalist services. Under these arrangements, we perform only non-medical administrative services, do not represent that we offer medical services, and do not exercise influence or control over the practice of medicine by the physicians or the affiliated professional organizations.

Some of the relevant laws, regulations, and agency interpretations in the State of California have been subject to limited judicial and regulatory interpretation. Moreover, state law are subject to change and regulatory authorities and other parties, including our affiliated physicians, may assert that, despite these arrangements, we are engaged in the prohibited corporate practice of medicine or that our arrangements constitute unlawful fee-splitting. If this occurred, we could be subject to civil or criminal penalties, our contracts could be found legally invalid and unenforceable (in whole or in part), or we could be required to restructure our contractual arrangements.

Deficit Reduction Act of 2005

Among other mandates, the Deficit Reduction Act of 2005, or the DRA, created a new Medicaid Integrity Program designed to enhance federal and state efforts to detect Medicaid fraud, waste and abuse. Additionally, section 6032 of the DRA requires entities that make or receive annual Medicaid payments of $5.0 million or more from any one state to provide their employees, contractors and agents with written policies and employee handbook materials on federal and state False Claims Acts and related statues. At this time, we are not required to comply with section 6032 because we receive less than $5.0 million in Medicaid payments annually from any one state. However, we may likely be required to comply in the future as our Medicaid billings increase, but we cannot predict when that will occur. We also cannot predict what new state statutes or enforcement efforts may emerge from the DRA and what impact they may have on our operations.

Other Federal Healthcare Fraud and Abuse Laws

We are also subject to other federal healthcare fraud and abuse laws. Under HIPAA, there are two additional federal crimes that could have an impact on our business: ''Health Care Fraud'' and ''False Statements Relating to Health Care Matters.'' The Health Care Fraud statute prohibits any person from knowingly and recklessly executing a scheme or artifice to defraud any healthcare benefit program. Healthcare benefit programs include both government and private payers. A violation of this statute is a felony and may result in fines, imprisonment and/or exclusion from governmental healthcare programs.

The False Statements Relating to Health Care Matters statute prohibits knowingly and willfully falsifying, concealing or covering a material fact by any trick, scheme or device or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. A violation of this statute is a felony and may result in fines and/or imprisonment.

The OIG may impose administrative sanctions or civil monetary penalties against any person or entity that knowingly presents or causes to be presented a claim for payment to a governmental healthcare program for services that were not provided as claimed, is fraudulent, is for a service by an unlicensed physician, or is for medically unnecessary services. Violations may result in penalties of up to $10,000 per claim, treble damages, and exclusion from governmental healthcare funded programs, such as Medicare and Medicaid. In addition, the OIG may impose administrative sanctions against any physician who knowingly accepts payment from a hospital as an inducement to reduce or limit services provided to Medicare and Medicaid program beneficiaries.

Fair Debt Collection Practices Act

Some of our operations may be subject to compliance with certain provisions of the Fair Debt Collection Practices Act and comparable statutes in many states. Under the Fair Debt Collection Practices Act, a third-party collection company is restricted in the methods it uses to contact consumer debtors and elicit payments with respect to placed accounts. Requirements under state collection agency statutes vary, with most requiring compliance similar to that required under the Fair Debt Collection Practices Act.

U.S. Sentencing Guidelines

The U.S. Sentencing Guidelines are used by federal judges in determining sentences in federal criminal cases. The guidelines are advisory, not mandatory. With respect to corporations, the guidelines state that having an effective ethics and compliance program may be a relevant mitigating factor in determining sentencing. To comply with the guidelines, the compliance program must be reasonably designed, implemented, and enforced such that it is generally effective in preventing and detecting criminal conduct. The guidelines also state that a corporation should take certain steps such as periodic monitoring and appropriately responding to detected criminal conduct. We have yet to develop a formal ethics and compliance program.

Licensing, Certification, Accreditation and Related Laws and Guidelines

Our clinical personnel are subject to numerous federal, state and local licensing laws and regulations, relating to, among other things, professional credentialing and professional ethics. Since the Company performs services at hospitals and other types of healthcare facilities, it may indirectly be subject to laws applicable to those entities as well as ethical guidelines and operating standards of professional trade associations and private accreditation commissions, such as the American Medical Association and the Joint Commission on Accreditation of Health Care Organizations. There are penalties for non-compliance with these laws and standards, including loss of professional license, civil or criminal fines and penalties, loss of hospital admitting privileges, and exclusion from participation in various governmental and other third-party healthcare programs.

Professional Licensing Requirements

The Company's affiliated hospitalists must satisfy and maintain their professional licensing in the states where they practice medicine. Activities that qualify as professional misconduct under state law may subject them to sanctions, or to even lose their license and could, possibly, subject us to sanctions as well. Some state boards of medicine impose reciprocal discipline, that is, if a physician is disciplined for having committed professional misconduct in one state where he or she is licensed, another state where he or she is also licensed may impose the same discipline even though the conduct occurred in another state. Professional licensing sanctions may also result in exclusion from participation in governmental healthcare programs, such as Medicare and Medicaid, as well as other third-party programs.

Employees

As of April 30, 2011, we had 5 full-time employees. None of our full-time employees is a member of a labor union, and we have never experienced a work stoppage.

ITEM 1A. RISK FACTORS

If any of the following risks occur, our business, financial condition or results of operations could be materially harmed. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair its business operations or financial condition. You should consider carefully the following factors, in addition to the other information concerning the Company and its business, before purchasing the Securities being offered.

Notice and Risks Relating to Forward-Looking Statements

This report contains forward-looking statements, which reflect management's current view with respect to future events and the Company's performance. Such forward-looking statements include statements with respect to the development of the Company's business, the commencement of revenue, market size and acceptance for the Company's products and services and the Company's future revenues and earnings, marketing and sales strategies, business operations and the prospects and possible terms of future debt and equity financings for the Company. These forward-looking statements are subject to certain risks and uncertainties, including, but not limited to, acceptance of the Company's products and services, ability to compete with existing and new products and services, the ability to price our products and services competitively, our ability to attract additional capital, the establishment of an effective marketing plan, and the other risks identified herein. Due to such uncertainties and the risk factors set forth herein, you are cautioned not to place undue reliance upon such forward-looking statements.

Risk Relating to Our Business

The Company has a limited operating history that makes it difficult to reliably predict future growth and operating results.

Apollo Medical, the predecessor to our operating subsidiary, was incorporated on October 18, 2006, and served initially as the management company for our affiliated medical group, AMH. Accordingly, we have a limited operating history upon which you can evaluate its business prospects, which makes it difficult to forecast Apollo's future operating results. The evolving nature of the current medical services industry increases these uncertainties. You must consider the Company's business prospects in light of the risks, uncertainties and problems frequently encountered by companies with limited operating histories. Our ability to predict growth at any time in the future may be limited.

The Company has an unproven business model with no assurance of significant revenues or operating profit.

The current business model is unproven and the profit potential, if any, is unknown at this time. The Company is subject to all of the risks inherent in the creation of a new business. We have not yet commenced full operations and our ability to achieve profitability is dependent, among other things, on our initial marketing to generate sufficient operating cash flow to fund future expansion. There can be no assurance that our results of operations or business strategy will achieve significant revenue or profitability.

The growth strategy of the Company may not prove viable and expected growth and value may not be realized.

Our business strategy is to rapidly grow by financing the acquisition and establishment, and managing a network, of medical groups providing certain hospital-based services. Where permitted by local law, we may also acquire such medical groups directly. Groups managed (or owned) by the Company are referred to herein as "Affiliated Medical Groups." Identifying quality acquisition candidates is a time-consuming and costly process. There can be no assurance that we will be successful in identifying and establishing relationships with these and other candidates. If the Company is successful in identifying and acquiring other businesses, there is no assurance that it will be able to manage the growth of such businesses effectively.

The success of the Company's growth strategy depends on the successful identification, completion and integration of acquisitions.

The Company's future success will depend on the ability to identify, complete, and integrate the acquired businesses with its existing operations. The growth strategy will result in additional demands on our infrastructure, and will place further strain on limited management, administrative, operational, financial and technical resources. Acquisitions involve numerous risks, including, but not limited to:

- the possibility that we will not able to identify suitable acquisition candidates or consummate acquisitions on acceptable terms, if at all;
- possible decreases in capital resources or dilution to existing stockholders;
- difficulties and expenses incurred in connection with an acquisition;
- the diversion of management's attention from other business concerns;
- the difficulties of managing an acquired business;
- the potential loss of key employees and customers of an acquired business; and
- in the event that the operations of an acquired business do not meet expectations, we may be required to restructure the acquired entity or write-off the value of some or all of the assets of the acquisition.

Our future growth could be harmed if we lose the services of certain key personnel.

The Company's success depends upon the services of a number of key employees, specifically Warren Hosseinion, M.D. and Adrian Vazquez, M.D., and will depend upon certain other additional key employees. We plan to enter into employment agreements with, and acquire key man life insurance for, Drs. Hosseinion and Vazquez and other key executives hired in the future. The loss of the services of one or more of these key employees could harm our business. The Company's success also depends upon its ability to attract highly skilled new employees. Competition for such employees is intense in the industries and geographic areas in which we operate. We may rely on our ability to grant stock options as one mechanism for recruiting and retaining highly skilled talent. Recently proposed accounting regulations requiring the expensing of stock options may impair our future ability to provide these incentives without incurring significant compensation costs. If the Company is unable to compete successfully for key employees, its results of operations, financial condition, business and prospects could be adversely affected.

Economic conditions or changing consumer preferences could adversely impact our business.

A downturn in economic conditions in one or more of the Company's markets could have a material adverse effect on its results of operations, financial condition, business and prospects. Although we attempt to stay informed of customer preferences, any sustained failure to identify and respond to trends could have a material adverse effect on our results of operations, financial condition, business and prospects **.**

We may be unable to scale our operations successfully.

Our growth strategy will place significant demands on our management and financial, administrative and other resources. Operating results will depend substantially on the ability of our officers and key employees to manage changing business conditions and to implement and improve our financial, administrative and other resources. If the Company is unable to respond to and manage changing business conditions, or the scale of its operations, then the quality of its services, its ability to retain key personnel, and its business could be harmed.

We may be unable to integrate new business entities and manage our growth.

The Company's ability to manage its growth effectively will require it to continue to improve its operational, financial and management controls and information systems to accurately forecast sales demand, to manage its operating costs, manage its marketing programs in conjunction with an emerging market, and attract, train, motivate and manage its employees effectively. If our management fails to manage the expected growth, our results of operations, financial condition, business and prospects could be adversely affected. In addition, the Company's growth strategy may depend on effectively integrating future entities, which requires cooperative efforts from the managers and employees of the respective business entities. If our management is unable to effectively integrate our various business entities, our results of operations, financial condition, business and prospects could be adversely affected.

The Company's success depends upon the ability to adapt to a changing market and continued development of additional services.

Although we expect to provide a broad and competitive range of services, there can be no assurance of acceptance by the marketplace. The procurement of new contracts by the Company's Affiliated Medical Groups may be dependent upon the continuing results achieved at the current facilities **,** upon pricing and operational considerations, as well as the potential need for continuing improvement to existing services. Moreover, the markets for such services may not develop as expected nor can there be any assurance that we will be successful in its marketing of any such services.

Changes associated with reimbursement by third-party payers for the Company's services may adversely affect operating results and financial condition.

The medical services industry is undergoing significant changes with third-party payers that are taking measures to reduce reimbursement rates or in some cases, denying reimbursement altogether. There is no assurance that third party payers will continue to pay for the services provided by our Affiliated Medical Groups. Failure of third party payers to adequately cover the medical services so provided by the Company will have a material adverse affect on our results of operations, financial condition, business and prospects.

The medical services industry is highly regulated and failure to comply with laws and regulations applicable to our business could have an adverse affect on the Company's financial condition.

The medical services currently provided by our Affiliated Medical Groups and those expected to be provided in the future are subject to stringent federal, state, and local government health care laws and regulations. If we fail to comply with applicable laws, we could be subject to civil or criminal penalties while also being declined participation in Medicare, Medicaid, and other government sponsored health care programs.

Federal and state healthcare reform may have an adverse effect on the Company's financial condition and results of operations.

Federal and state governments have continued to focus significant attention on health care reform. A broad range of health care reform measures have been introduced in Congress and in state legislatures. It is not clear at this time what proposals, if any, will be adopted, or, if adopted, what effect, if any, such proposals would have on the Company's business.

Regulatory authorities or other persons could assert that current or future relationships with any acquired companies fail to comply with the anti-kickback law which could adversely affect our business operations.

The anti-kickback provisions of the Social Security Act prohibit anyone from knowingly and willfully (a) soliciting or receiving any remuneration in return for referrals for items and services reimbursable under most federal health care programs or (b) offering or paying any remunerations to induce a person to make referrals for items and services reimbursable under most federal health care programs, which is referred to as the "anti-kickback law". The prohibited remunerations may be paid directly or indirectly, overtly or covertly, in cash or in kind. If such a claim were successfully asserted, the Company could be subject to civil and criminal penalties and could be required to restructure or terminate the applicable contractual arrangements. If we were subjected to penalties or were unable to successfully restructure our relationships to comply with the anti-kickback law, our results of operations, financial condition, business and prospects could be adversely affected.

Regulatory authorities could assert that acquisitions or service agreements with third parties fail to comply with the federal Stark Law and state laws prohibiting physicians from referring to entities in which they have a financial interest.

The Stark Law prohibits a physician from making a referral to an entity for the furnishing of federally funded designated health services if the physician has a financial relationship with the entity. Designated health services include clinical laboratory services, physical and occupational therapy services, radiology services such as magnetic resonance imaging (MRI) and ultrasound services, radiation therapy services and supplies, durable medical equipment and supplies, and others. More detailed implementing regulations have been promulgated by the United States Department of Health and Human Services. Some states have comparable laws restricting referrals for designated health services paid by any payer. Unless an exception is satisfied, these laws and regulations prevent physician investors and other physicians who have a financial relationship with the Company from referring patients to us for designated health services. The inability of these physicians to refer designated health services to us may have an adverse effect on our financial condition and results of operations. In addition, we could be required to restructure or terminate acquisitions or service agreements to ensure compliance with the Stark Law and applicable rules and regulations. The provisions of the self-referral laws, like all statutes affecting the health care industry, and the regulatory implementation and interpretation of them may change, and the nature and timing of any such change cannot be predicted.

We are subject to information privacy regulations, and our failure to comply with such laws may adversely affect our business operations.

Numerous state, federal and international laws and regulations govern the collection, dissemination, use and confidentiality of patient-identifiable health information, including the Federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and related rules and regulations. The HIPAA Privacy Rule restricts the use and disclosure of patient information and requires entities to safeguard that information and to provide certain rights to individuals with respect to that information. The HIPAA Security Rule establishes elaborate requirements for safeguarding patient information transmitted or stored electronically. We may be required to make costly system purchases and modifications to comply with the HIPAA requirements that will be imposed on us. Our failure to comply with these requirements could result in liability and have a material adverse affect on our results of operations, financial condition, business and prospects.

Our business may expose us to certain potential litigation, which if successful and not covered by existing insurance could have a material adverse effect on our profitability.

The Company's business may expose it to potential litigation. While we intend to take precautions we deem appropriate, there can be no assurance that we will be able to avoid significant liability or litigation exposure. Service liability insurance is expensive and it may not be available. There can be no assurance that we will be able to obtain such insurance on acceptable terms, if at all, or that we will be able to secure increased coverage or that any insurance policy will provide adequate protection against successful claims, if at all. A successful claim brought against the Company in excess of its insurance coverage would have a material adverse effect upon our results of operations and financial condition.

Compliance with changing regulation of corporate governance and public disclosure, once the Company is subject to such requirements, will result in significant additional expenses.

Changing laws, regulations, and standards relating to corporate governance and public disclosure for public companies, including the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and various rules and regulations adopted by the Securities and Exchange Commission (the "SEC"), are creating uncertainty for public companies. The Company's management will continue to invest significant time and financial resources to comply with both existing and evolving requirements for public companies, which will lead, among other things, to significantly increased general and administrative expenses and a certain diversion of management time and attention from revenue generating activities to compliance activities.

Risks Relating to Our Common Stock

If we fail to remain current in our SEC reporting obligations, we could be removed from the OTCQB, which would adversely affect the market liquidity for our securities.

Companies trading on the OTCQB, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTCQB. If we fail to remain current in our reporting requirements, we could be removed from the OTCQB. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Our common stock is subject to the "penny stock" rules of the SEC, and trading in our securities is very limited, which makes transactions in our common stock cumbersome and may reduce the value of an investment in our securities.

The SEC has adopted Rule 3a51-1 of the Securities and Exchange Act of 1934, as amended, which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, Rule 15g-9 requires:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receives from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, among other things:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Trading on the OTCQB may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTCQB. Trading in stock quoted on the OTCQB is often thin and characterized by wide fluctuations in trading prices due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTCQB is not a stock exchange, and trading of securities on the OTCQB is often more sporadic than the trading of securities listed on a stock exchange like NASDAQ or a New York Stock Exchange. Accordingly, our shareholders may have difficulty reselling any of their shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. DESCRIPTION OF PROPERTIES

The Company's corporate headquarters is located at 450 North Brand Boulevard, Suite 600, Glendale, California. The lease on our present administrative offices expires on December 31, 2011. We believe our present facilities are adequate to meet our current and projected needs.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to any litigation and, to its knowledge, no action, suit or proceeding has been threatened against the Company.

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

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock is traded on the OTCQB under the symbol "AMEH". Following is a table presenting the closing sale prices for a share of our common stock by fiscal quarter for the fiscal years 2011 and 2010

	High	Low
Fiscal Year ended January 31, 2011		
First Quarter	$ 0.15	$ 0.07
Second Quarter	0.10	0.08
Third Quarter	0.14	0.08
Fourth Quarter	0.18	0.11

	High	Low
Fiscal Year ended January 31, 2010		
First Quarter	$ 1.70	$ 0.25
Second Quarter	0.20	0.01
Third Quarter	0.10	0.01
Fourth Quarter	0.13	0.05

Stockholders

As of April 30 , 2011, as reported by the Company’s stock transfer agent, there were 325 holders of record of our common stock.

Dividends

To date, we have not paid any cash dividends on our common stock and we do not contemplate the payment of cash dividends in the foreseeable future. Our future dividend policy will depend on our earnings, capital requirements, financial condition, and other factors considered relevant to our ability to pay dividends.

Stock Option Grants

For the twelve months ended January 31, 2011, the Company granted 1,150,000 stock options to management, employees and consultants.

On March 4, 2010, the Board of Directors of Apollo Medical Holdings, Inc. and three members of our Board that own, in the aggregate, approximately 70% of the outstanding shares of our common stock, approved the adoption of the Apollo Medical Holdings Inc., 2010 Equity Incentive Plan (the “Plan”). Subject to the adjustment provisions of the 2010 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 2010 Plan. As of January 31, 2011, 666,616 shares had vested under this Plan and 533,334 remained unvested.

Recent Sales of Unregistered Securities

We have issued and sold securities of the Company as disclosed below within the last three years. Unless otherwise noted, the following sales of securities were effected in reliance on the exemption from registration contained in Section 4(2) of the Act and Regulation D promulgated there under, and such securities may not be reoffered or sold in the United States by the holders in the absence of an effective registration statement, or valid exemption from the registration requirements, under the Securities Act of 1933 (as amended, the “ Act ”):

During the fiscal year ended January 31, 2011, the company issued 350,000 restricted shares Kaneohe Advisors LLC (Kyle Francis) pursuant to a consulting contract dated October 22, 2008.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENTS’ DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Forward-Looking Statements- Cautionary Statement

The following discussion contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, written, oral or otherwise, are based on the Company’s current expectations or beliefs rather than historical facts concerning future events, and they are indicated by words or phrases such as (but not limited to) “anticipate,” “could,” “may,” “might,” “potential,” “predict,” “should,” “estimate,” “expect,” “project,” “believe,” “think,” “intend,” “plan,” “envision,” “continue,” “intend,” “target,” “contemplate,” “budgeted,” or “will” and similar words or phrases or comparable terminology. Forward-looking statements involve risks and uncertainties. The Company cautions that these statements are further qualified by important economic, competitive, governmental and technological factors that could cause the Company’s business, strategy, or actual results or events to differ materially, or otherwise, from those in the forward-looking statements. We have based such forward-looking statements on our current expectations, assumptions, estimates and projections, and therefore there can be no assurance that any forward-looking statement contained herein, or otherwise made by the Company, will prove to be accurate. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Item 1A “Risk Factors,” and elsewhere in this report. The Company assumes no obligation to update the forward-looking statements.

THE FOLLOWING DISCUSSION OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH OUR CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES TO THOSE STATEMENTS INCLUDED ELSEWHERE IN THIS REPORT.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 of Notes to Consolidated Financial Statements describes the significant accounting policies used in the preparation of the consolidated financial statements. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below.

A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. Specifically, critical accounting estimates have the following attributes: (i) we are required to make assumptions about matters that are uncertain at the time of the estimate; and (ii) different estimates we could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on our financial condition or results of operations.

Estimates and assumptions about future events and their effects cannot be determined with certainty. We base our estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as our operating environment changes. These changes have historically been minor and have been included in the consolidated financial statements as soon as they became known. Based on a critical assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that our consolidated financial statements are fairly stated in accordance with accounting principles generally accepted in the United States, and meaningfully present our financial condition and results of operations.

We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our consolidated financial statements:

Revenue Recognition

Revenue consists of contracted and fee-for-service revenue. Revenue is recorded in the period in which services are rendered. Our revenue is principally derived from the provision of healthcare staffing services to patients within healthcare facilities. The form of billing and related risk of collection for such services may vary by customer. The following is a summary of the principal forms of our billing arrangements and how net revenue is recognized for each.

Contracted revenue represents revenue generated under contracts in which we provide physician and other healthcare staffing and administrative services in return for a contractually negotiated fee. Contracted revenue represented 94.7% of our revenues in the twelve months ended January 31, 2011. Contract revenue consists primarily of billings based on hours of healthcare staffing provided at agreed-to hourly rates. Revenue in such cases is recognized as the hours are worked by our staff and contractors. Additionally, contract revenue also includes supplemental revenue from hospitals where we may have a fee-for-service contract arrangement or provide physician advisory services to the medical staff at specific facility. Contract revenue for the supplemental billing in such cases is recognized based on the terms of each individual contract. Such contract terms generally either provides for a fixed monthly dollar amount or a variable amount based upon measurable monthly activity, such as hours staffed, patient visits or collections per visit compared to a minimum activity threshold. Such supplemental revenues based on variable arrangements are usually contractually fixed on a monthly, quarterly or annual calculation basis considering the variable factors negotiated in each such arrangement. Such supplemental revenues are recognized as revenue in the period when such amounts are determined to be fixed and therefore contractually obligated as payable by the customer under the terms of the respective agreement. Additionally, we derive a portion of our revenue as a contractual bonus from collections received by our partners and such revenue is contingent upon the collection of third-party billings. These revenues are not considered earned and therefore not recognized as revenue until actual cash collections are achieved in accordance with the contractual arrangements for such services.

Fee-for-service revenue represents revenue earned under contracts in which we bill and collect the professional component of charges for medical services rendered by our contracted and employed physicians. Under the fee-for-service arrangements, we bill patients for services provided and receive payment from patients or their third-party payers. Fee-for-service revenue is reported net of contractual allowances and policy discounts. All services provided are expected to result in cash flows and are therefore reflected as net revenue in the financial statements. Fee-for-service revenue is recognized in the period in which the services are rendered to specific patients and reduced immediately for the estimated impact of contractual allowances in the case of those patients having third-party payer coverage. The recognition of net revenue (gross charges less contractual allowances) from such visits is dependent on such factors as proper completion of medical charts following a patient visit, the forwarding of such charts to our billing center for medical coding and entering into our billing system and the verification of each patient’s submission or representation at the time services are rendered as to the payer(s) responsible for payment of such services. Revenue is recorded based on the information known at the time of entering of such information into our billing systems as well as an estimate of the revenue associated with medical services provided.

Direct Costs of Services

Direct Costs include the direct salaries and contract payments to physicians employed by the Company that serve as hospitalists, all employment related taxes, medical and disability insurance costs, premiums for malpractice insurance provided to these physicians, and costs associated with establishing physician privileges.

Management Fees

AMH is charged, and pays, a monthly management fee to AMM. The fee is calculated on a percentage of AMH’s gross revenue that AMH receives for the performance of medical services by AMH. The monthly percentage is established based upon the requirements of AMM. The Management Services Agreement was modified on March 20, 2009 to allow for an adjustment in monthly management fees as needed to cover costs incurred by AMM. These fees are eliminated in consolidation.

FISCAL YEAR ENDED JANUARY 31, 2011 COMPARED TO FISCAL YEAR ENDED JANUARY 31, 2010

Net revenue was $3,896,584 for the twelve months ended January 2011, compared to revenues of $2,441,452 for the comparable twelve months ended January 2010. The Company increased the number of hospitals and independent physician associations contracts to 31 at the end of January 2011.

Physician practice salaries, benefits and other expenses totaled $3,314,722 for the twelve months ended January 31, 2011, compared to $1,813,994 for the corresponding twelve months ended January 31, 2010. Cost of services were 85% of net revenues for the twelve months ended January 2011, up from 74% of revenues for the comparable twelve month period ended January 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 cost of services is primarily due to increase in physician compensation expenses associated with new contracts awarded during the period. Total physician compensation increased to $3,010,716 for the twelve months ended January 31, 2011, up 91% compared to $1,570,080 for the twelve month period ended January 31, 2010. The increases in physician costs are directly related to new contracts started in the period. In addition, the Company recorded physician related stock compensation expense of $60,342 for the twelve months ended January 31, 2011 compared with $0 in the year ended January 31, 2010.

General and administrative expenses decreased $127,670, or 18%, to $566,649 or 15% of net revenue, for the twelve months ended January 31, 2011, as compared to $694,319, 28% of net revenue, for the twelve months ended January 31, 2010. For the twelve months ended January 31, 2011, bad debt expense was ($17,738.59) compared to a loss of $114,358 for the twelve month period ended January 31, 2010. The difference was a write-up in the Company's accounts receivable balance. The change in bad debt expense was primarily the result of a reversal of a previous recorded write-down of $110,976 in the year ended January 31, 2010 due to delayed payments from certain health care payors. In addition, the Company recorded stock compensation expense of $59,187 for the twelve months ended January 31, 2011 compared with $183,944 in the year ended January 31, 2010. This reduction in expenses was partially offset by higher public company expenses and overhead costs related to the continuing growth of our operations.

Depreciation and amortization expense was $11,198 and $35,704 for the twelve months ended January 31, 2011 and 2010, respectively.

The Company reported a income from operations of $4,015 for the twelve months ended January 31, 2011, compared to a loss from operations of $102,515 in the fiscal year ended January 31, 2010. The decrease in the loss from operations was due to the increased contribution from the growth in revenues, coupled with the decrease in general and administrative expenses.

Interest expense and financing costs were $163,931 for the twelve months ended January 31, 2011, compared to interest and financing expenses of $93,066 for the twelve months ended January 31, 2010. Interest expense in 2011 included $125,000 of interest expense related to our 10% Senior Subordinated Callable Convertible Notes. Financing fees included the amortization of pre-paid commissions of $37,500 that were paid to the placement agent.

The Company reported a net loss of $156,331 for the twelve months ended January 31, 2011, favorable by $39,750 to the net loss of $196,080 reported for the twelve months ended January 31, 2010. The reduction in net loss was primarily due to the higher revenues and the decrease in general and administrative costs in 2011 from 2010.

Liquidity and Capital Resources

At January 31, 2011, the Company had cash and cash equivalents of $397,101, compared to cash and cash equivalents of $665,737 at the beginning of the fiscal year at January 31, 2010. The cash balance at January 31, 2011 included $389,198 in a money market brokerage account. Long-term borrowings totaled $1,248,588 as of January 31, 2011, compared to long-term borrowings of $1,247,582 on January 31, 2010.

Net cash used in operating activities totaled $245,031 in the twelve months ended January 31, 2011, compared to net cash used in operations of $338,141 in the comparable twelve months ended January 31, 2010. The reduction in net cash used in operating activities was primarily due to the higher revenues and the decrease in General and Administrative costs in 2011 from 2010.

Net cash used in operating activities for the twelve months of 2011 of $245,031 was comprised of a net loss of $156,331 for the twelve month period. Adjustments for non-cash charges which include depreciation, bad debt expense, the value of shares issued for services, option expense, and the amortization of warrant discount, totaled $18,310. In addition, net changes in operating assets and liabilities, primarily an increase in outstanding receivables, used cash of $290,363.

Net cash used for investing activities totaled $21,165 in the twelve months ended January 31, 2011, compared to net cash used in operations of $0 in the comparable twelvemonths ended January 31, 2010. The increase in net cash used in operating activities was primarily due to cash associated with improvements to ApolloWeb and purchase of new computers and office equipment.

For the twelve months ended January 31, 2011, net cash used in financing activities totaled $2,440, compared to $919,717 provided by financing activities for the same period in 2010. The Company did not complete any financing transactions during the twelve months ended January 31, 2011. During fiscal 2010, the Company completed the private placement with Syndicated Capital which provided proceeds of $1,250,000. Concurrent with the receipt of these proceeds, the Company retired the business loan with Wells Fargo Bank of $198,000 on October 27, 2009, and the related party convertible note in the amount of $75,000 on October 22, 2009. Three convertible notes, two of which were payable to related parties aggregating to $33,000, were fully paid off in late December 2009.

The Company had no off-balance sheet arrangements during the period ended January 31, 2011.

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 $1,397,363 as of January 31, 2011. In addition, the Company has a total stockholders' deficit of $83,194 and generated a negative net cash flow operating activities for the twelve months ended January 31, 2011 of $245,031.

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. We may seek to raise additional capital through public or private equity financings, partnerships, joint ventures, disposition of assets, debt financings, bank borrowings or other sources of financing.

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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's financial statements for the fiscal year ended January 31, 2011 are included in this annual report, beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company has carried out an evaluation under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures as defined in Rules 13a-15(e) and 15d- 15(e) under the Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, at January 31, 2010, the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were not effective, at a reasonable assurance level, in ensuring that information required to be disclosed in the reports the Company files and submits under the Securities Exchange Act of 1934 are recorded, processed, summarized and reported as and when required. For a discussion of the reasons on which this conclusion was based, see "Management's Annual Report on Internal Control over Financial Reporting" below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act. Management must evaluate its internal controls over financial reporting, as required by Sarbanes-Oxley Act. The Company's internal control over financial reporting is a process designed under the supervision of the Company's management to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles ("GAAP"). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on this evaluation, our management concluded that there were material weaknesses in our internal control over financial reporting as of January 31, 2011.

A material weakness is a significant control deficiency (within the meaning of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2) or combination of significant control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified the following three material weaknesses in our disclosure controls and procedures, and internal controls over financial reporting:

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 January 31, 2011, our internal controls over our financial reporting are not effective. The Company is taking remediating steps to address each material weakness. We continue to add employees and consultants to address these issues and we will continue to broaden the scope of our accounting and billing capabilities and realigning responsibilities in our financial and accounting review functions.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of 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.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm.

Changes in Internal Controls Over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Name	Age	Title
Warren Hosseinion, M.D.	38	Chief Executive Officer, Director
Adrian Vazquez, M.D.	40	President and Chairman of the Board
Kyle W.D. Francis	37	Executive Vice President and Chief Financial Officer
Suresh Nihalani	57	Director
Raouf Khalil	57	Director, President of Aligned Healthcare Division

Warren Hosseinion, M.D. Dr. Hosseinion has been a director, and our Company's Chief Executive Officer since July 2008. In 2001, Dr. Hosseinion founded ApolloMed Hospitalists in Los Angeles with Dr. Vazquez. Dr. Hosseinion received his medical degree from Georgetown University and is a Diplomate of the American Board of Internal Medicine. Dr. Hosseinion's qualifications to serve on our Board of Directors include his position as our chief executive officer since the inception of the Company, his background as founder of the Company and leading physician within the medical community in Los Angeles. In addition, Dr. Hosseinion is currently a practicing hospitalist physician and brings to our Board of Directors and our Company a depth of understanding of physician culture and strong knowledge of the healthcare market.

Adrian Vazquez, M.D. Dr. Vazquez has been a director and has served as the Company's President and Chairman of the Board since July 2008. In 2001, Dr. Vazquez founded ApolloMed Hospitalists in Los Angeles with Dr. Hosseinion. Dr. Vazquez received his medical degree from the University of California, Irvine and is a Diplomate of the American Board of Internal Medicine. Dr. Vazquez's qualifications to serve on our Board of Directors include his position as our President and Chairman since the inception of the Company, his background as founder of the Company and leading physician within the medical community in Los Angeles. In addition, Dr. Vazquez is currently a practicing hospitalist physician and brings to our Board of Directors a depth of understanding of physician culture and strong knowledge of the healthcare market and hospitalist medicine. Adrian Vazquez, M.D., resigned his positions as Chairman of the Board, President and a director of Apollo Medical Holdings, Inc., in each case effective December 9, 2011.

Kyle Francis. Mr. Francis joined ApolloMed in February 2009 and was named Chief Financial Officer in December 2010. Prior to joining ApolloMed, he was a member of the Healthcare Services Investment Banking Division of Oppenheimer & Co. and CIBC World Markets. Prior to joining CIBC World Markets, Mr. Francis worked at Enron Corporation. Mr. Francis holds a Bachelor of Commerce with a major in finance and an accounting degree from McGill University.

Suresh Nihalani. Mr. Nihalani was President and CEO of ClearMesh Network from 2005 to 2007. He also co-founded Nevis Networks, where he served as CEO from 2002 through 2005. Prior to Nevis Networks, he co-founded Accelerated Networks and ACT Networks. Mr. Nihalani holds a BS in Electrical Engineering from ITT Bombay and MSEE and MBA degrees from the Florida Institute of Technology. Mr. Nihalani has over 35 years of corporate experience working as a senior executive and director. Mr.Nihalani's qualifications to serve on our Board of Directors includes his many years of experience as a senior corporate executive with both public and private organizations.

Raouf Khalil. Mr. Khalil joined ApolloMed in February 2011. Mr. Khalil was the co-founder and CEO of Care Level Management Group LLC. Mr. Khalil also founded and managed Mobile Doctors 24-7 International and Professional Home Health Services. Mr. Khalil received an MBA from University of Southern California in 1981. Mr.Khalil's qualifications to serve on our Board of Directors includes his many years of experience serving as a senior executive and founder of a number of healthcare services companies. Raouf Khalil resigned as a director of Apollo Medical Holdings, Inc., effective June 1, 2011.

Family Relationships

There are no family relationships among the directors and executive offices identified in this report.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who beneficially own more than 10% of our outstanding common stock, to file with the SEC, initial reports of ownership and reports of changes in ownership of our equity securities. Such persons are required by SEC regulations to furnish us with copies of all such reports they file. To our knowledge, based solely on our review of the copies of such forms received by us, or written representations from our officers, directors and greater than 10% beneficial owners, we believe that our insiders complied with all applicable Section 16(a) filing requirements during fiscal year ending January 31, 2011, except as follows: Warren Hosseinion, Adrian Vazquez, Kyle Francis and Noel Dewinter have not filed Forms 3 or Forms 4 to reflect their holdings.

Code of Ethics

The Company has not yet adopted a code of ethics, in part because we recently commenced business operations and have a limited number of employees. As the Company grows its business, and hires additional employees, we expect to adopt a code of ethics applicable to the conduct of our employees.

Committees of the Board of Directors

Our common stock is currently quoted on the OTCQB electronic trading platform, which does not maintain any standards requiring us to establish or maintain an Audit, Nominating or Compensation committee. As of January 31, 2011, our Board of Directors did not maintain an Audit Committee, Nominating Committee or Compensation Committee. The entire Board of Directors is acting as the Company's audit committee, and the Board of Directors has determined that no current director is an "audit committee financial expert" as defined by item 407 of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

The following table discloses the compensation awarded to, earned by, or paid to our executive officers for the fiscal years ended January 31, 2011, 2010 and 2009, respectively:

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards *(3)*	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	Total
Warren Hosseinion, M. D.	2011	$ 385,013	-	$ 12,619	-	-	$ 397,632
Chief Executive Officer(1)	2010	$ 353,285	-	-	-	-	$ 353,285
	2009	$ 239,830	-	-	-	-	$ 239,830
Adrian Vazquez, M.D.	2011	$ 382,920	-	$ 12,619	-	-	$ 395,539
President and Chairman(1)	2010	$ 361,097	-	-	-	-	$ 361,097
	2009	$ 256,720	-	-	-	-	$ 256,720
A. Noel DeWinter	2011	$ 96,000	-	$ 5,500	-	-	$ 101,500
Chief Financial Officer (2)	2010	$ 85,000	-	-	-	-	$ 85,000
	2009	$ 33,500	-	$ 67,500	-	-	$ 101,000
Kyle Francis	2011	$ 11,000	-	$ 6,310	-	-	$ 17,310
Chief Financial Officer (4)	2010	-	-	-	-	-	-
	2009	-	-	-	-	-	-

(1) The reported compensation for Dr. Hosseinion and Dr. Vazquez is a fixed annual amount and is generated from patient care activities.

(2) Mr. DeWinter joined the Company on August 1, 2008. On December 28, 2010, Mr. DeWinter announced his retirement, effective December 31, 2010.

(3) The amount shown in this column reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

(4) Mr. Francis was appointed as Chief Financial Officer, effective December 31, 2010. Prior to being appointed Chief Financial Officer, Mr. Francis served as the Executive Vice President of Business Development and Strategy. Mr. Francis will continue to serve in that function as well as Chief Financial Officer.

The following table summarizes the outstanding equity awards held by each of our named executive officers as of January 31, 2011:

2011 Outstanding Equity Awards at Fiscal Year End

	Option Awards				
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Options Unexercisable (#) (1)**	**Option Exercise Price ($) (2)**	**Option Expiration Date**
Adrian Vazquez, M.D. President & Chairman of the Board	12/9/2010	100,000	200,000	$ 0.15	12/8/2020
Warren Hosseinion, M.D. Chief Executive Officer	12/9/2010	100,000	200,000	$ 0.15	12/8/2020
Kyle W. D. Francis Executive Vice President and Chief Financial Officer	12/9/2010	50,000	100,000	$ 0.15	12/8/2020

(1) The share underlying these options vest 33% immediately on the grant date and in equal installments on the first and second anniversary.
(2) All options have been issued with an exercise price equal to the closing price of our common stock on the date of grant.

No options were exercised during the year ended January 31, 2011

Hospitalist Participation Service Agreements

Warren Hosseinion, M.D. In February 2009, the Company entered into a second amended and restated hospitalist participation agreement with Dr. Hosseinion, pursuant to which he will provide physician services for ApolloMed Hospitalists. Effective February 2009, Dr.Hosseinion’s annual base salary was set at $360,000 payable in bimonthly installments. Dr. Hosseinion's salary is for physician services only and he does not receive any compensation to serve as Chief Executive Officer or for his services as a Director. He is eligible to receive equity awards, in each case as determined by the Board of Directors in accordance with the 2010 Equity Incentive Plan. We maintain Dr. Hosseinion’s professional liability insurance.

Adrian Vazquez, M.D. In February 2009, the Company entered into a second amended and restated hospitalist participation agreement with Dr. Vazquez, pursuant to which he will provide physician services for ApolloMed Hospitalists. Effective February 2009, Dr.Vazquez’s annual base salary was set at $360,000 payable in bi-monthly installments. Dr. Vazquez's salary for physician services only and he does not receive any compensation to serve as President or as Chairman of our Board of Directors. He is eligible to receive equity awards, in each case as determined by the Board of Directors in accordance with the 2010 Equity Incentive Plan. We maintain Dr. Vazquez’s professional liability insurance.

Employment Agreements

On September 4, 2008, Apollo Medical Management, Inc. executed an employment agreement with Jilbert Issai, M.D., to provide services as Senior Vice President. The agreement is for an initial one-year term with provision for successive one-year periods. Under the agreement, Dr. Issai is entitled to a nominal salary and may be granted options to purchase an aggregate of 300,000 shares of the Company's common stock at an exercise price of $0.15 per share when and if the Company is to adopt a stock compensation plan. The Company granted Dr. Issai 300,000 options on December 9, 2010.

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.

Outstanding Equity Awards at Fiscal Year-End

As discussed above, Mr. DeWinter was granted a stock award of 250,000 shares in September 2008. Such shares were fully vested at the time of grant.

On March 4, 2010, the Board of Directors of Apollo Medical Holdings, Inc. and three members of our Board that own, in the aggregate, approximately 65% of the outstanding shares of our common stock, approved the adoption of the Apollo Medical Holdings Inc., 2010 Equity Incentive Plan. Subject to the adjustment provisions of the 2010 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 2010 Plan. During the fiscal year ended January 31, 2011, 1,150,000 options were granted to management, directors and independent contractors of which 616,666 were exercisable as of January 31, 2011 at an exercise price of $0.15 per stock option.

Director Compensation

On October 27, 2008, we entered into a Director Agreement with Suresh Nihalani. Under the agreement, Mr. Nihalani has the right to receive up to 400,000 shares of common stock, issued ratably over a 36 month period commencing December 2008 so long as Mr. Nihalani continues to serve as a director. As of January 31, 2011, 188,887 shares had been issued pursuant to the agreement. Mr. Nihalani also receives $1,000 for each meeting of the Board of Directors and $1,200 per day for any time Mr. Nihalani is required to travel out-of-town on behalf of the Company.

On July 16, 2010, the Director Agreement with Mr. Nihalani was amended to modify the manner in which Mr. Nihalani received shares from that date forward. Under the terms of the amended contract, Mr. Nihalani purchased 211,113 "Purchased Shares" of the Company's Common Stock at a purchase price of $0.001 per share. The Purchased Shares are restricted securities under the Securities Act of 1933 (the " 1933 Act ") and may not be resold or transferred unless the Purchased Shares are first registered under the federal securities laws or unless an exemption from such registration is available.

The Corporation shall not be required (i) to transfer on its books any Purchased Shares that have been sold or transferred in violation of the provisions of this section or (ii) to treat as the owner of the Purchased Shares, or otherwise to accord voting or dividend rights to, any transferee to whom the Purchased Shares have been transferred in contravention of the Directors Agreement, including this Amendment.

All of our remaining directors are named executive officers whose compensation is fully reflected in the Summary Compensation Table. None of our remaining directors received any compensation solely for their services as directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
Suresh Nihalani	$ 3,000	$ 30,067	0	0	0	0	$ 33,067

(1) The amount shown in this column reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for the year of grant.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information as of April 30, 2011, with respect to (i) those persons known to us to beneficially own more than 5% of our voting securities, (ii) each of our directors, (iii) each of our executive officers, and (iv) all directors and executive officers as a group. The information is determined in accordance with Rule 13d-3 promulgated under the Exchange Act. Except as indicated below, the beneficial owners have sole voting and dispositive power with respect to the shares beneficially owned. As of April 30, 2011, there were 28,985,774 shares of the Company's common stock issued and outstanding, of which 4,892,236 are free trading shares and 24,093,538 are restricted shares.

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned (2)	Percent of Class (3)
Certain Beneficial Owners:		
	-	-
Directors/Named Executive Officers:		
Warren Hosseinion, M.D.	9,123,387	31.4%
Adrian Vazquez, M.D	9,123,387	31.4%
A. Noel DeWinter	250,000	—
Suresh Nihalani	400,000	1.4%
Kyle Francis	1,100,000	3.8%
All Named Executive Officers and Directors as a group (4 persons)	19,646,774	67.8%

(1) Unless otherwise indicated, the business address of each person listed is c/o Apollo Medical Holdings, Inc., 450 N. Brand Blvd., Suite 600, Glendale, California 91203.
(2) For purposes of this table, shares are considered beneficially owned if the person directly or indirectly has the sole or shared power to vote or direct the voting of the securities or the sole or shared power to dispose of or direct the disposition of the securities. Shares are also considered beneficially owned if a person has the right to acquire beneficial ownership of the shares within 60 days of April 30, 2011. AMH is 100% owned by Dr Hosseinion and Dr. Vazquez. Dr. Hosseinion and Dr. Vazquez are officers and Directors of Apollo.
(3) The percentages are calculated based on the actual number of shares issued and outstanding as of April 30, 2011, which is 28,985,774.

Equity Compensation Plan Information

The following table provides information, as of January 31, 2011, with respect to all of our compensation plans under which equity securities are authorized for issuance :

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders			
Equity compensation plans not approved by stockholders (1)	1,150,000	$ 0.15	3,850,000
Total	1,150,000		3,850,000

(1) The amounts reported include: (i) 250,000 shares of common stock issued to A. Noel DeWinter, the Company's Chief Financial Officer, pursuant to an employment agreement with the Company, dated September 10, 2008; (ii) a stock award of 400,000 shares to Kaneohe (Kyle Francis) of which 50,000 shares were issued under a consulting contract signed October 22, 2008, and 700,000 shares issued under a contract dated March 15, 2009; (iii) up to 400,000 shares of common stock issuable to Suresh Nihalani under a director agreement with the Company, dated as October 27, 2008. On July 16, 2010, the Director Agreement with the Company was amended. Under the terms of the amendment, Mr. Nihalani purchased 211,113 shares of the Company's common stock at a purchase price of $0.001. Prior to the amendment, and as of January 31, 2011, 188,887 shares had vested under the Director Agreement; and (iv) 10,000 shares granted to an employee.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

During the twelve months ended January 31, 2011 and 2010, the Company generated revenue of $577,000 and $395,135, respectively, by providing management services to ApolloMed Hospitalists (AMH), an affiliated company with common ownership interest. Commencing August 1, 2008, the management services fee income reported by AMM was eliminated in consolidation against similar costs recorded at AMH.

Director Independence

Our common stock is quoted on the OTCQB electronic trading platform, which does not maintain any standards regarding the "independence" of the directors on our Company's Board, and we are not otherwise subject to the requirements of any national securities exchange or an inter-dealer quotation system with respect to the need to have a majority of our directors be independent. In the absence of such requirements, we have elected to use the definition for director independence under the NASDAQ stock market's listing standards, which defines an independent director as "a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship, which in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director." The definition further provides that, among others, employment of a director by us (or any parent or subsidiary of ours) at any time during the past three years is considered a bar to independence regardless of the determination of our Board. Based on the foregoing standards, we have determined that Suresh Nihalani is our only "independent" director.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The aggregate fees for professional services rendered by Kabani and Company to us for the fiscal years ended January 31, 2011 and January 31, 2010 were as follows:

	Fiscal Year Ended 1/31/2011	Fiscal Year Ended 1/31/2010
Audit fees	$ 27,000	$ 35,000
Audit-related fees	-	-
Tax fees(1)	$ -	-
All other fees	-	-
Total	$ 27,000	$ 35,000

(1) Tax Returns for the Company were completed by a local CPA firm. The Company paid $1,200 to such firm for 2011 and $1,200 for 2010.

Notes:
(A) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and the review of our financial statements included in our Form 10-Q quarterly reports and services that are normally provided in connection with statutory or regulatory filings for the 2010 and 2011 fiscal years.

(B) Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported above under "Audit Fees."

(C) Tax fees represent fees for professional services related to tax compliance, tax advice and tax planning.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Please see the Report of our Independent Registered Public Accounting Firm, and related financial statements for our fiscal year ended January 31, 2011, beginning on page F-1 of this Form 10-K/A.

(b) Exhibits Index

Number	Exhibit
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	Second Amended and Restated Bylaws (filed as an exhibit to Form 10-Q filed on July 31, 2011, and incorporated herein by reference).
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.*
10.1	Agreement and Plan of Merger among Siclone Industries, Inc. and Apollo Acquisition Co., Inc. and Apollo Medical Management, Inc. (filed as an exhibit to Current Report on Form 8-K filed on June 19, 2008 and incorporated herein by reference)
10.2	Management Services Agreement dated August 1, 2008, between Apollo Medical Management and ApolloMed Hospitalists.*.
10.3	Director Agreement, dated October 27, 2008, between the Company and Suresh Nihalani.*
10.4	Management Services Agreement dated March 20, 2009, between Apollo Medical Management and ApolloMed Hospitalists.*
10.5	2010 Equity Compensation Plan (filed as an exhibit to Current Report on Form 8-K filed on March 9, 2010, and incorporated herein by reference).
10.6	Employment Agreement with A. Noel DeWinter (filed as an exhibit to Current Report on Form 8-K filed on September 11, 2008, and incorporated herein by reference).
10.7	Amendment to Suresh Nihalani's Director Agreement dated July 17, 2010, (filed as exhibit to Current Report on Form 8-K filed on July 16, 2010 and incorporated herein by reference).
10.8	2010 Equity Incentive Plan (filed as Appendix A to Schedule 14C Information Statement filed on August 17, 2010 and incorporated herein by reference).
10.9	Stock Purchase Agreement, dated as of February 15, 2011, among the Company, Aligned Healthcare Group LLC, Aligned Healthcare Group - California, Inc., Raouf Khalil, Jamie McReynolds, M.D., BJ Reese & Associates, LLC and BJ Reese (filed as an exhibit to Current Report on Form 8-K filed on February 27, 2011, and incorporated herein by reference)
10.10	First Amendment to Stock Purchase 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. (filed as an exhibit to Form 10-Q filed on September 14, 2011, and incorporated herein by reference)
10.11	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. (filed as an exhibit to Form 10-Q filed on September 14, 2011, and incorporated herein by reference)
10.12	Employment Agreement with Jilbert Issai, M.D. dated September 4, 2008.*
10.13	Consulting Agreement with Kyle Francis dated March 22, 2009.*
10.14	Hospitalist Participation Service Agreement with Warren Hosseinion, M.D. dated May 1, 2009*
10.15	Hospitalist Participation Service Agreement with Adrian C. Vazquez, M.D. dated May 1, 2009*
21.1	Subsidiaries of Apollo Medical Holdings, Inc.*
23.1	Consent of Kabani and Company.*
31.1	Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURES

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

APOLLO MEDICAL HOLDINGS, INC.

Date: March 27, 2012

By: /s/ WARREN HOSSEINION, M.D
Warren Hosseinion, M.D.,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/S/ KYLE FRANCIS Kyle Francis	Chief Financial Officer (Principal Financial and Accounting Officer)	March 27, 2012

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of
Apollo Medical Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Apollo Medical Holdings, Inc as of January 31, 2011 and 2010 and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apollo Medical Holdings, Inc as of January 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years then ended, in conformity with U.S. generally accepted accounting principles.

The Company's consolidated 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. The Company has accumulated deficit of $1,397,363 as of January 31, 2011, working capital of $1,104,738 and cash flows used in operating activities of $245,031. This factor, as discussed in Note 3 to the financial statements raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to the matter are also described in Note 3. The statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Kabani & Company, Inc.
Certified Public Accountants
Los Angeles, California
May 16, 2011

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED JANUARY 31, 2011 AND 2010

	January 31, 2011	January 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	$ 397,101	$ 665,737
Accounts receivable, net	704,971	457,517
Receivable from officers	24,873	23,483
Due from affiliate	3,900	2,850
Prepaid expenses	29,138	30,165
Prepaid financing cost, current	37,500	37,500
Total current assets	1,197,483	1,217,251
Prepaid financing cost, long term	39,500	76,563
Property and equipment – net	21,593	11,627
TOTAL ASSETS	$ 1,258,139	$ 1,305,441
LIABILITIES AND STOCKHOLDERS' DEFICIT:		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 92,745	$ 104,252
Total current liabilities	92,745	104,252
Convertible notes	1,248,588	1,247,582
Total liabilities	1,341,333	1,351,834
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, 27,635,774 and 27,041,328 shares issued and outstanding as on January 31, 2011 and 2010, respectively	27,636	27,041
Additional paid-in-capital	1,058,418	939,483
Accumulated deficit	(1,397,363)	(1,241,031)
Total	(311,309)	(274,507)
Non-controlling interest	228,115	228,115
Total stockholders' deficit	(83,194)	(46,393)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 1,258,139	$ 1,305,441

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

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JANUARY 31, 2011 AND 2010

	For the years ended January 31, 2011	For the years ended January 31, 2010
REVENUES	$ 3,896,584	$ 2,441,452
COST OF SERVICES	3,314,722	1,813,944
GROSS REVENUE	581,862	627,508
Operating expenses:		
General and administrative	566,649	694,319
Depreciation	11,198	35,704
Total operating expenses	577,847	730,023
INCOME (LOSS) FROM OPERATIONS	4,015	(102,515)
OTHER EXPENSES:		
Interest expense	(126,431)	(53,128)
Financing cost	(37,500)	(39,938)
Other income	5,185	300
Total other expenses	158,746	92,766
LOSS BEFORE INCOME TAXES	(154,731)	(195,280)
Provision for income tax	1,600	800
NET LOSS	$ (156,331)	$ (196,280)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING, BASIC AND DILUTED	27,490,476	26,491,052
*BASIC AND DILUTED NET LOSS PER SHARE	$ (0.00)	$ (0.01)

*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 consolidated financial statements

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED JANUARY 31, 2011 AND 2010

	Common Stock			Non-controlling	Accumulated	Stockholder's
	Shares	Amount	APIC	Interest	Deficit	Deficit
Balance at January 31, 2009	25,870,220	$ 25,870	$ 550,058	$ 228,115	$ (1,044,951)	$ (240,909)
Shares issued for service	804,443	804	183,139	-	-	183,943
Shares issued for financing cost	100,000	100	3,900	-	-	4,000
Shares issued for convertible notes payable	266,665	267	199,733	-	-	200,000
Unamortized warrant discount	-	-	2,653	-	-	2,653
Net Loss	-	-	-	-	(196,080)	(196,080)
Balance at January 31, 2010	27,041,328	27,041	939,483	228,115	(1,241,031)	(46,393)
Shares issued for service	594,446	595	46,783	-	-	47,378
Non-cash stock-based compensation charges	-	-	72,152	-	-	72,152
Net Loss	-	-	-	-	(156,331)	(156,331)
Balance at January 31, 2011	27,635,794	$ 27,636	$ 1,058,418	$ 228,115	$ (1,397,362)	$ (83,194)

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

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2011 AND 2010

	Years ended January 31, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (156,331)	$ (196,080)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation	11,198	35,703
Bad debt expense	42,908	114,358
Issuance of shares for services	47,378	183,944
Shares issued as finance charge	-	4,000
Stock option expense	72,152	-
Amortization of debt discount	1,006	235
Changes in assets and liabilities:		
Accounts receivable	(290,363)	(316,208)
Prepaid financing cost	37,500	(114,063)
Prepaid expenses	1,027	(5,140)
Accounts payable and accrued liabilities	(11,507)	(44,889
Net cash used in operating activities	(245,031)	(338,141)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchase of property and equipment	(21,165)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of line of credit	-	(198,000)
Due from related parties	(2,440)	(24,283)
Proceeds from/(payment to) related parties	-	(98,000)
Proceeds from/(payment to) convertible notes	-	1,240,000
Net cash (used) provided by financing activities	(2,440)	919,717
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(268,636)	581,576
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	665,737	84,161
CASH & CASH EQUIVALENTS, ENDING BALANCE	$ 397,101	$ 665,737
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid during the year	$ 125,425	$ 53,128
Taxes paid during the year	$ 1,600	$ 1,600
NON-CASH SUPPLEMENTAL DISCLOSURE		
Conversion of convertible notes payable to equity	$ -	$ 200,000
Convertible note payable due and classified in accrued liabilities	$ -	$ 200,000

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

1. Organization and Summary of Critical Accounting Policies

Apollo Medical Holdings, Inc. (“Apollo or the Company”) is a medical management holding company that focuses on managing the provision of hospital-based medicine. The Company’s wholly-owned subsidiary, Apollo Medical Management, Inc. (“AMM”) operates as a physician practice management company and is in the business of providing management services to physician practice companies (and, professional medical corporations) under management service agreements, which presently consist of ApolloMed Hospitalists (“AMH”). AMH is owned by an officer, director and major shareholder of the Company.

2. Summary of Significant Accounting Policies

Principles of Consolidation

Our consolidated financial statements include the accounts of our wholly-owned subsidiaries, and a professional medical corporation for which we have determined that we have a controlling financial interest through a long-term management agreement. Some states have laws that prohibit business entities from practicing medicine, employing physicians to practice medicine, exercising control over medical decisions by physicians (collectively known as the corporate practice of medicine), or engaging in certain arrangements with physicians, such as fee-splitting. In California, and in accordance with these laws, we operate by maintaining a long-term management contract with a professional medical corporation, which is owned and operated by physicians, and which employ or contract with additional physicians to provide hospitalist services. Under this management agreement, we have exclusive authority over all non-medical management and administrative services, including financial management, information systems, marketing, risk management and administrative support. The management agreement has an initial term of 20 years.

All intercompany balances and transactions are eliminated in consolidation.

Non-controlling Interest

Non-controlling interest represents the portion of equity that is not attributable to the Company. The non-controlling interest recorded in our consolidated financial statements represents the pre-acquisition equity of those entities which we have determined that we have a controlling financial interest and that consolidation is required as a result of management contracts entered into with these entities. The nature of these contracts provide us with a monthly management fee to provide the services described above, and as such, the only adjustments to non-controlling interests in any period subsequent to initial consolidation would relate to either capital contributions or withdrawals by the non-controlling parties.

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.

Fair Value of Financial Instruments

Our accounting for Fair Value Measurement and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity’s own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level one — Quoted market prices in active markets for identical assets or liabilities;

Level two — Inputs other than level one inputs that are either directly or indirectly observable; and

Level three — Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter. The Company currently records warrants using level two in the hierarchy.

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to the short maturities of these instruments.

Fair Value of Warrants

The Company accounts for free-standing warrants for shares of common stock by first determining whether the instruments require liability treatment based on the provision in the warrant agreements. Generally, when the agreement may require future performance obligations on the part of the Company (other than the issuance of common shares in connection with notice of exercise) or the exercise price of warrants is not fixed or determinable, then the warrants are treated as liabilities and recorded at their relative fair value as of each reporting period. If the warrants are determined to be equity-classified instruments, then the warrants are recorded as an increase in additional paid-in capital with a corresponding discount.

The Company accounts for warrants included with convertible notes by first allocating the proceeds of issuance among the convertible instrument and the stock warrants based on their relative fair values, as there are two separate instruments involved. Following this, it is then further determined whether the embedded conversion option has an intrinsic value. The fair value of the warrants is recorded as an increase to additional paid-in capital with a corresponding discount on the related notes.

Subsequent adjustments to the exercise price of the warrants are recorded at the date of the change. Warrants that are classified as liabilities, are re-measured at each reporting period and changes in the fair value are reported in the Company's statement of operations.

Concentrations

During the twelve month period ended January 31, 2011, the Company had three major customers, which contributed 36%, 20% and 12% of revenue. As of January 31, 2011, the total receivables from these customers amounted to $170,638, $167,799 and $88,580, respectively.

During the twelve month period ended January 31, 2010, the Company had three major customers, which contributed 28%, 13% and 11% of revenue. As of January 31, 2010, the total receivables from these customers amounted to $159,348, $75,145 and $65,250, respectively.

Stock-Based Compensation

Employee Stock Options and Stock-Based Compensation

All share-based payments to employees, including grants of employee stock options, are recognized in the financial statements based on their fair values. For options granted during the years ended January 31, 2011, the fair value of each option award was estimated using the Black-Scholes option pricing model and the following assumptions:

	Year ended January 31, 2011
Weighted average risk-free interest rate	1.9%
Dividend yield	0%
Volatility factor of the expected market price of the Company's common stock	80%
Weighted average live	10.0 years

Expected volatility is based on the historical volatility of the Company's stock. The Company also uses historical data to estimate the expected term of options granted and employee termination rates. The risk-free rate for periods within the expected useful life of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The estimated weighted average fair value of options granted during the years ended January 31, was $0.011. As of January 31, 2011, there was approximately $54,348 of total unrecognized compensation cost related to non-vested share-based employee compensation arrangements. That non-cash cost is expected to be recognized over a weighted-average period of one year.

Stock options and warrants issued to non-employees as compensation for services to be provided to the Company 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. The Company's operating results for the years ended January 31, 2011 was 72,152, for non-cash stock-based compensation for options issued to consultants and other non-employees.

There was no option granted during the fiscal year ended January 31, 2010.

The Company issues new shares to satisfy stock option and warrant exercises. There were no options exercised during the years ended January 31, 2011 or 2010.

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 and Concentration of Cash

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Cash and cash equivalents at January 31, 2011, include cash in bank representing the Company's current operating account and $398,198 in a brokerage money market account.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily consists of amounts due from third-party payors, including government sponsored Medicare and Medicaid programs, and insurance companies, and amounts due from hospitals, and patients. Accounts receivable are recorded and stated at the amount expected to be collected

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

Property and Equipment

Property and Equipment is recorded at cost and depreciated using the straight- line method over the estimated useful lives of the respective assets. Cost and related accumulated depreciation on assets retired or disposed of are removed from the accounts and any resulting gains or losses are credited or charged to income. Computers and Software are depreciated over 3 years. Furniture and Fixtures are depreciated over 8 years. Machinery and Equipment are depreciated over 3 years.

Income Taxes

The Company accounts for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigations based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the year incurred.

Revenue Recognition

Revenue consists of contracted and fee-for-service revenue. Revenue is recorded in the period in which services are rendered. Our revenue is principally derived from the provision of healthcare staffing services to patients within healthcare facilities. The form of billing and related risk of collection for such services may vary by customer. The following is a summary of the principal forms of our billing arrangements and how net revenue is recognized for each.

Contracted revenue represents revenue generated under contracts in which we provide physician and other healthcare staffing and administrative services in return for a contractually negotiated fee. Contract revenue consists primarily of billings based on hours of healthcare staffing provided at agreed-to hourly rates. Revenue in such cases is recognized as the hours are worked by our staff and contractors. Additionally, contract revenue also includes supplemental revenue from hospitals where we may have a fee-for-service contract arrangement or provide physician advisory services to the medical staff at specific facility. Contract revenue for the supplemental billing in such cases is recognized based on the terms of each individual contract. Such contract terms generally either provides for a fixed monthly dollar amount or a variable amount based upon measurable monthly activity, such as hours staffed, patient visits or collections per visit compared to a minimum activity threshold. Such supplemental revenues based on variable arrangements are usually contractually fixed on a monthly, quarterly or annual calculation basis considering the variable factors negotiated in each such arrangement. Such supplemental revenues are recognized as revenue in the period when such amounts are determined to be fixed and therefore contractually obligated as payable by the customer under the terms of the respective agreement. Additionally, we derive a portion of our revenue as a contractual bonus from collections received by our partners and such revenue is contingent upon the collection of third-party billings. These revenues are not considered earned and therefore not recognized as revenue until actual cash collections are achieved in accordance with the contractual arrangements for such services.

Fee-for-service revenue represents revenue earned under contracts in which we bill and collect the professional component of charges for medical services rendered by our contracted and employed physicians. Under the fee-for-service arrangements, we bill patients for services provided and receive payment from patients or their third-party payers. Fee-for-service revenue is reported net of contractual allowances and policy discounts. All services provided are expected to result in cash flows and are therefore reflected as net revenue in the financial statements. Fee-for-service revenue is recognized in the period in which the services are rendered to specific patients and reduced immediately for the estimated impact of contractual allowances in the case of those patients having third-party payer coverage. The recognition of net revenue (gross charges less contractual allowances) from such visits is dependent on such factors as proper completion of medical charts following a patient visit, the forwarding of such charts to our billing center for medical coding and entering into our billing system and the verification of each patient's submission or representation at the time services are rendered as to the payer(s) responsible for payment of such services. Revenue is recorded based on the information known at the time of entering of such information into our billing systems as well as an estimate of the revenue associated with medical services.

Reclassification

Certain reclassifications have been made to prior periods' data to conform to the current year's presentation. These reclassifications had no effect on reported income or losses.

Recently Issued Accounting Pronouncements

In January 2010, FASB issued ASU No. 2010-06 – Improving Disclosures about Fair Value Measurements. This update provides amendments to Subtopic 820-10 that requires new disclosure as follows: 1) Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). This update provides amendments to Subtopic 820-10 that clarifies existing disclosures as follows: 1) Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities. 2) Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. These disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company is currently evaluating the impact of this ASU, however, the Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In April 2010, the FASB issued Accounting Standards Update 2010-13 (ASU 2010-13), "Compensation - Stock Compensation (Topic 718)." This Update provides amendments to Topic 718 to clarity that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. The amendments in ASU 2010-13 are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The provisions of ASU 2010-13 are not expected to have a material effect on the Company's consolidated financial statements.

In July 2010, the FASB issued an accounting update to provide guidance to enhance disclosures related to the credit quality of a company's financing receivables portfolio and the associated allowance for credit losses. Pursuant to this accounting update, a company is required to provide a greater level of disaggregated information about its allowance for credit loss with the objective of facilitating users' evaluation of the nature of credit risk inherent in the company's portfolio of financing receivables, how that risk is analyzed and assessed in arriving at the allowance for credit losses, and the changes and reasons for those changes in the allowance for credit losses. The revised disclosures as of the end of the reporting period are effective for the Company beginning in the second quarter of fiscal 2011, and the revised discourses related to activities during the reporting period are effective for the Company beginning in the third quarter of fiscal 2011. The Company is currently evaluating the impact of this accounting update on its financial disclosures.

3. 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 $1,397,363 as of January 31, 2011. In addition, the Company has a total stockholders' deficit of $83,194 and generated a negative net cash flow operating activities for the twelve months ended January 31, 2011 of $245,031.

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. We may seek to raise additional capital through public or private equity financings, partnerships, joint ventures, disposition of assets, debt financings, bank borrowings or other sources of financing.

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 January 31, 2011, Accounts Receivable totals $704,971, net of a provision for bad debt expense of $34,746, and represents amounts invoiced by AMH. Accounts Receivable was $457,517, net of the provision for bad debt expense of $110,976, on January 31, 2010.

5. Receivable from officers

Other receivables of $24,873 and $23,483 at January 31, 2011 and 2010, respectively, represent amounts due the Company from two officers. These balances were interest free, due on demand, and insecure.

6. Due from Affiliate

Due from Apollo Medical Associates ("AMA") was $3,900 and $2,850 as of January 31, 2011 and January 31, 2011, respectively, and represents amounts due from AMA. These balances are due on demand, non-interest bearing and are unsecured. AMA is an unconsolidated affiliate of the Company and currently has no operations and is inactive. No management agreement currently exists between AMM and AMA.

7. Prepaid Expenses

Prepaid Expenses of $29,138 and $30,165 as of January 31, 2011 and January 31, 2010, respectively, are amounts prepaid for medical malpractice insurance and Director's and Officer's insurance.

8. Prepaid financing cost

Unamortized financing cost of $76,563 and $114,063 as of January 31, 2011 and 2010, respectively, represents the unamortized financing cost associated with 1 0% 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 consist of the following:

	January 31, 2011	January 31, 2010
Website	$ 4,568	$ -
Computers	13,912	13,912
Software	155,039	138,443
Machinery and equipment	50,815	50,815
Gross Property and Equipment	224,334	203,170
Less accumulated depreciation	(202,741)	(191,543)
Net Property and Equipment	$ 21,593	$ 11,627

Depreciation expense was $11,198 and $35,704 for the twelve month periods ended January 31, 2011 and 2010, respectively.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	January 31, 2011	January 31, 2010
Accounts payable	$ 35,815	$ 32,460
D&O insurance payable	10,913	8,210
Accrued interest		
Accrued professional fees	5,483	22,141
Accrued payroll and income taxes	40,534	41,441
Accrued shares to be issued for note conversion	-	-
Accrued shares issued for services	-	-
Total	$ 92,745	$ 104,252

11. Long-term Debt

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

	January 31, 2011	January 31, 2010
Subordinated Borrowings:		
10% Senior Subordinated Convertible Notes due January 31, 2013	$ 1,248,588	$ 1,247,582
Total long-term debt	$ 1,248,588	$ $1,247,582
Less: Current Portion	_	_
Total	$ 1,248,588	$ $1,247,582

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 $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 adjustable pursuant to changes in public value of our shares and cash flow of the Company from July 31, 2011 until the note is paid in full. The agent also received 100,000 shares of restricted common stock for pre-transaction advisory services and due diligence. A commission of $125,000 paid at closing, is accounted for as prepaid expense 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 addition, financing costs included $4,000 related to the value of the 100,000 shares granted to the placement agent. Interest expense of $36,458 was recorded in the year ended January 31, 2010.

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 adjustable pursuant to changes in public value of our shares and cash flow of the Company. This represents an initial conversion price of $0.125 per share of the Company's common stock. The note is fixed from August 1, 2009 through July 31, 2011. After July 31, 2011, the conversion price will equal to the lesser of $0.125 per share or the average of the monthly high stock price and low stock price as reported by Bloomberg multiplied by 110%. The minimum conversion price is the greater of $0.05 per share or 8 times cash EPS.

On or after January 31, 2012, the Company may, at its option, upon 60 days notice to both the Note-holder's 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. The Company's calculations were made using the Black-Scholes option-pricing model with the following assumptions: expected life of 5 years; 48.0% stock price volatility; risk-free interest rate of 2.16% and no dividends during the expected term. 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 the grant date and $2,418 as of January 31, 2010.

In connection with this offering, the Company also issued warrants to purchase 250,000 shares of our common stock to the placement agent at an exercise price of $0.25 per share, and are exercisable immediately upon issuance and expire five years after the date of issuance. The Company's calculations were made using the Black-Scholes option-pricing model with the following assumptions: expected life of 5 years; 48.0% stock price volatility; risk-free interest rate of 2.16% and no dividends during the expected term. These warrants were estimated to have a fair value of $2,200, which was recorded as unamortized warrant discount on the grant date. The exercise price of the warrants are adjustable according to the same terms as the 10% Notes.

8% Convertible Notes due December 25, 2009
On July 28, 2008, the Company issued $70,000 in the form of a note payable to a relative of the CEO of the Company. The Note carried no interest rate and the Company agreed to pay a $5,000 origination fee to be paid at the time of pay off. The maturity date on this Note was October 1, 2008. The note was extended by verbal agreement on its expiration date with no change in terms. On January 24, 2009, the Company formalized the note extension with the note holder. Under the terms of the new note, the $5,000 origination fee was added to the note, the due date was extended to March 31, 2011, the interest rate was set at eight 8% and the note is initially convertible into 214,285 shares of common stock. The Company paid the note in full, with accumulated interest, on October 22, 2009. The Company recorded interest expense of $4,323 and $99 for the twelve months ended January 31, 2010 and January 31, 2009, respectively.

10% Convertible Notes due between October 7, 2009 and December 12, 2009
Between October 7, 2008 and December 12, 2008 the Company issued $210,000 of its 10% Convertible Notes with attached Warrants. The notes bear interest at a rate of 10% annually, mature and become due twelve months from the date of issuance ranging from October 7, 2009 and December 12, 2009. The conversion rate is 1,333.333 shares of the Company's common stock per $1,000 principal amount of the Notes . As of January 31, 2009, the Company received notices to convert $200,000 of notes into shares of the Company's common stock. The remaining balance of $10,000 was paid in full, with interest, on December 28, 2009.

Each Note Holder also received 666.67 Warrants per $1,000 principal amount of the Notes purchased. These Warrants are exercisable into shares of Common Stock at an exercise price of $1.50. The Warrants have a three-year term and expire on the third year anniversary of the respective notes. The Company recorded value of warrants using the Black Scholes pricing model using the following assumptions: Stock price $0.27, Expected life of 3 years, Risk free bond rate of 1.05% to 2.00% and volatility of 44% to 61%. Based on the assumptions used the Company recorded the fair value of warrants amounting to $379 which was fully amortized as interest expense during year ended January 31, 2009.

The following table represents the principal repayments of all the outstanding debt as of January 31, 2011:

Year ending January 31,		
2012	$	-
2013		1,250,000

12. Income Taxes

As of January 31, 2011, the Company had Federal and California tax net operating loss carry-forwards of approximately $1,418,000 and $1,414,000, respectively. The federal and California net operating loss carry-forwards will expire at various dates from 2028 through 2031.

The Company recorded a deferred income benefit of $38,400, which was offset by recognition of a full valuation allowance. Pursuant to Internal Revenue Code Sections 382 and 383, use of the Company's net operating loss and credit carry-forwards may be limited if a cumulative change in ownership of more than 50% occurs within any three-year period since the last ownership change. The Company may have had a change in control under these Sections. However, the Company does not anticipate performing a complete analysis of the limitation on the annual use of the net operating loss and tax credit carry-forwards until the time that it projects it will be able to utilize these tax attributes.

Significant components of the Company's deferred tax assets as of January 31, 2011 and January 31, 2010 are shown below. A valuation allowance of $232,700 as of January 31, 2011 has been established against the Company's deferred tax assets as realization of such assets is uncertain.

Deferred tax assets consist of the following:

	January 31, 2011	January 31, 2010
Net operating loss carry-forwards	$ 212,800	$ 190,300
Non-cash stock-based compensation	10,800	-
Other, net	9,100	4,000
Net deferred tax assets	232,700	194,300
Valuation allowance for deferred tax assets	(232,700)	(194,300)
Total deferred tax assets	$ —	$ —

The provision for income taxes for the year ended January 31, 2011 differs from the amount computed by applying the federal income tax rate as follows:

Tax computed at the statutory rate	35.0%
State tax, net of the federal tax benefit	(2.8%)
Nondeductible expenses	(3.3%)
Stock options	(16.2%)
Valuation allowance for deferred tax assets	(12.7%)
Income tax benefit	—

In July 2006, the FASB issued guidance which clarified the accounting for uncertainty in income taxes recognized in an enterprise's financial statements (formerly FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes"). This guidance prescribed a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also addressed derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. These provisions were effective for fiscal years beginning after December 15, 2006. The cumulative effect, if any, of applying these provisions is to be reported as an adjustment to the opening balance of retained earnings in the year of adoption. The impact of the Company's reassessment of its tax positions in accordance with this guidance did not have a material effect on the Company's results of operations, financial condition or liquidity. The provisions of this guidance have been incorporated into ASC 740-10.

As of January 31, 2011, the Company does not have any unrecognized tax benefits related to various federal and state income tax matters. The Company will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company is subject to U.S. federal income tax as well as income tax of multiple state tax jurisdictions. The Company and its subsidiaries' state income tax returns are open to audit under the statute of limitations for the years ended January 31, 2008 through 2011. The Company does not anticipate any material amount of unrecognized tax benefits within the next 12 months.

13. Related Party Transactions

During the twelve months ended January 31, 2011 and 2010, the Company generated revenue of $577,000 and $395,135, respectively, by providing management services to ApolloMed Hospitalists (AMH), an affiliated company with common ownership interest. Commencing August 1, 2008, the management services fee income reported by AMM was eliminated in consolidation against similar costs recorded at AMH.

14 Non-Controlling Interest

The accompanying consolidated financial statements include non-controlling interest of $228,115 at July 31, 2011 and January 31, 2011 related to equity in AMH not attributable to the Company. There were no changes to this balance during either year presented as there were no contributions or withdrawals of capital made by these non-controlling interests.

15. Stockholder's Equity

The Company issued a total of 594,446 common shares in the twelve months ended January 31, 201 1, including 383,333 shares in the first quarter ended April 30, 2010 and 211,113 shares issued in the second quarter ended July 31, 2010. Of the 594,446 shares issued, 244,446 were issued to officers and directors and 350,000 shares were issued to Kanehoe Advisors. The total shares of 594,446 were valued at $47,378 based on the fair value of shares at issuance dates.

The Company issued a total of 1,171,108 common shares in the twelve months ended January 31, 2010, including 266,665 shares in the second quarter ended July 31, 2009, 826,666 in the third quarter ended October 31, 2009, and 77,777 shares in the fourth quarter ended January 31, 2010. The 266,665 shares were issued on May 14, 2009 to nine holders of convertible notes that had exercised their conversion rights. Of the 826,666 shares, 716,666 were issued to officers and directors, 100,000 shares were issued to the Placement Agent for advisory services and 10,000 shares were issued to an employee. The 77,777 shares issued in the fourth quarter were to Suresh Nihalani, a Director of the Company.

Warrants outstanding:

	Aggregate intrinsic value		Number of warrants
Outstanding at January 31, 2010	$	—	2,125,803
Granted		—	—
Exercised		—	—
Lapsed		—	470,470
Outstanding at January 31, 2011	$	—	1,655,333

Exercise Price		Warrants outstanding	Weighted average remaining contractual life	Warrants exercisable	Weighted average exercise price	
$	1.500	155,333	1.74	155,333	$	1.50
$	0.250	1,250,000	4.75	1,250,000	$	0.125
$	0.250	250,000	4.75	250,000	$	0.25

In conjunction with the completion of the private placement on October 16, 2009, as described in Note 11, the Company issued a total of 1,500,000 warrants. Of this amount, 1,250,000 warrants were issued to the holders of the Convertible Notes and 250,000 warrants were granted to the placement agent. The 1,250,000 warrants held by the note holders 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. The 250,000 warrants conveyed to the placement agent also have a five-year term, expire on October 31, 2014, and are exercisable at $0.25 per share.

2010 Equity Incentive Plan

On March 4, 2010, the Company's Board of Directors approved the 2010 Equity Incentive Plan (the "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 five years from the date of grant.

As of January 31, 2010, options to purchase an aggregate of 616,666 shares of common stock were exercisable under the Company's stock option Plan. During the year ended January 31, 2010, the Company did not issue options to purchase shares of common stock with exercise prices below the fair market value of the common stock on the dates of grant.

Stock option transactions under the Company's stock option plans for the year ended January 31, 2011 are summarized below:

	Shares	Weighted Average Per Share Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance, January 31, 2010				
Granted	1,150,000	$ 0.15		
Exercised	-	-		
Expired	-	-		
Forfeited	-	-		
Balance, January 31, 2011	1,150,000	$ 0.15	9.9 years	$ -
Vested and expected to vest	1,150,000	$ 0.15	9.9 years	$ -
Exercisable, January 31, 2011	666,616	$ 0.15	9.9 years	$ -

As January 31, 2011, options available for future grant under the Plan amounted to 3,850,000.

Information regarding stock options outstanding at January 31, 2011 is as follows:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding at January 31, 2011	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at January 31, 2010	Weighted average exercise price
$ 0.15	1,150,000	9.4 years	$ 0.15	666,616	$ 0.15
	1,150,000	9.4 years	$ 0.15	666,616	$ 0.15

16. 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, 2010, the second anniversary of the Consulting Agreement, Mr. Francis was granted an additional 350,000 shares.

On September 4, 2008, Apollo Medical Management, Inc. executed an employment agreement with Jilbert Issai, M.D., to provide services as Senior Vice President. The agreement is for an initial one-year term with provision for successive one-year periods. Under the agreement, Dr. Issai is entitled to a nominal salary and may be granted options to purchase an aggregate of 300,000 shares of the Company's common stock at an exercise price of $0.15 per share when and if the Company is to adopt a stock compensation plan. The Company granted Dr. Issai 300,000 options on December 9, 2010.

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 is 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.

17. Subsequent Events

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 (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"). 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.

The Company issued and sold the Initial Shares on February 16, 2011 in connection with the closing of the Acquisition. In addition, the Company is obligated to issue the Contingent Shares and the Earn-Out Shares if and when the performance criteria described in Item 1.01 above are met. The consideration received by the Company for the Shares was all of the issued and outstanding shares of capital stock of AHI. The Initial Shares were issued, and the Earn-Out Shares and Contingent Shares, if any are issued, will be issued, pursuant to Rule 506 of Regulation D. Each of the purchasers of the Shares is an accredited investor, as defined in Rule 501 of Regulation D, and the issuance and sale of the Shares was conducted by direct negotiations without any advertising or general solicitation.

EXHIBIT C

APOLLO MEDICAL HOLDINGS, INC.
FORM OF INVESTOR WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE LAWS, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER THE ACT (OR ANY SIMILAR RULE UNDER THE ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL TO THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND APPLICABLE STATE LAW IS AVAILABLE.

STOCK PURCHASE WARRANT
To Purchase _________ Shares of Common Stock
(__________ thousand shares)

No. 2009- Issue Date: ______________, 2009

THIS CERTIFIES that, for value received, __________________ (the "Holder"), is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or after the date hereof, to subscribe for and purchase, from APOLLO MEDICAL HOLDINGS, INC., a Delaware corporation (the "Company"), of the fully paid non-assessable shares of the Company's common stock, $0.001 par value per share ("Common Stock") at a purchase price of $0.125 per share or a lesser price as described in Section 11c, provided that such right will terminate, if not terminated earlier in accordance with the provisions hereof, at 5:00 p.m. (California time) on October 31, 2014 (the "Expiration Date").

The purchase price and the number of shares for which this warrant (the "Warrant") is exercisable are subject to adjustment, as provided herein and specifically in Section 11.

This Warrant was issued in connection with the Company's private offering (the "Offering") of units of the Company's securities (the "Units"), each Unit consisting of $25,000 par value 10% Senior Subordinated Callable Convertible Promissory Notes maturing January 31, 2013 and 25,000 warrants to purchase one share of the Company's Common Stock until October 31, 2014 (a "Warrant Share"), pursuant to a Private Placement Memorandum dated September ____, 2009 (the "Memorandum") and is subject to the terms of a Subscription Agreement (the "Subscription Agreement") dated the date hereof to which the initial Holder is a party. Capitalized terms used and not otherwise defined herein will have the respective meanings ascribed to such terms in the Memorandum.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(a) The term "Company" shall include Apollo Medical Holdings, Inc., f/k/a Silicone Inc. and any corporation which shall succeed or assume the obligations of Apollo Medical Holdings, Inc. hereunder.

(b) The term "Warrant Shares" includes (i) the Company's common stock and (ii) any other securities into which or for which any of the Common Stock may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(c) The term "Other Securities" refers to any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holder of the Warrant at any time shall be entitled to receive, or shall have received, on the exercise of the Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities.

(d) The term "Exercise Price" shall be $0.125 per share or a lesser price per share as described in Section 11c, subject to adjustment pursuant to the terms hereof.

1. Number of Shares Issuable upon Exercise.

Unless sooner terminated in accordance herewith, from and after the date hereof through and including the Expiration Date, the Holder shall be entitled to receive, upon exercise of this Warrant in whole or in part, the number of shares of Common Stock of the Company set forth on the first page of this Warrant, subject to adjustment pursuant hereto, by delivery of an original or fax copy of the exercise notice attached hereto as Exhibit A (the "Notice of Exercise") along with payment to the Company of the Exercise Price.

2. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the registered Holder hereof, in whole at any time or in part from time to time by delivery of the Notice of Exercise duly completed and executed at the office of the Company in California (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder hereof at the address of such Holder appearing on the books of the Company), and upon payment of the Exercise Price of the shares thereby purchased (cash, bank wire transfer, or by certified or official bank check payable to the order of the Company in an amount equal to the Exercise Price of the shares thereby purchased); whereupon the Holder of this Warrant shall be entitled to receive a certificate for the number of Warrant Shares so purchased; provided that the Company will place on each certificate a legend substantially the same as that appearing on this Warrant, in addition to any legend required by any applicable state or federal law. If this Warrant is exercised in part, the Company will issue to the Holder hereof a new Warrant upon the same terms as this Warrant but for the balance of Warrant Shares for which this Warrant remains exercisable. The Company agrees that upon exercise of this Warrant the Holder shall be deemed to be the record owner of the shares issued upon exercise as of the close of business on the date on which this Warrant shall have been exercised as aforesaid. This Warrant will be surrendered at the time of exercise or if lost, stolen, misplaced or destroyed, the Holder will comply with Section 7 below (b) Certificates for shares purchased hereunder shall be delivered to the Holder hereof within a reasonable time after the date on which this Warrant shall have been exercised as aforesaid.

(c) The Company covenants that all Warrant Shares which may be issued upon the exercise of rights represented by this Warrant will, upon exercise of the rights represented by this Warrant, be fully paid and non-assessable and free from all preemptive rights, taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue which shall be paid by the Company in accordance with Section 4 below).

3. No Fractional Shares.

The Company shall not be required to issue fractional Warrant Shares upon the exercise of this Warrant or to deliver Warrant Certificates which evidence fractional Warrant Shares. In the event that a fraction of a Warrant Share would, except for the provisions of this Section 3, be issuable upon the exercise of this Warrant, the Company shall pay to the Holder exercising the Warrant an amount in cash equal to such fraction multiplied by the Per Share Market Value of the Warrant Share.

For purposes of this Warrant, the Per Share Market Value shall be determined as follows: As used herein, "Per Share Market Value" means on any particular date (a) the closing bid price per share of Common Stock on such date on the national securities exchange on which the shares of Common Stock are then listed or quoted, or if there is no such price on such date, then the average of the closing bid and asked prices on the national securities exchange on the date nearest preceding such date, (b) if the shares of Common Stock are not then listed or quoted on a national securities exchange, the average of the closing bid and asked prices for a share of Common Stock in the over-the-counter market, as reported by the National Quotation Bureau, Inc., or an equivalent generally accepted reporting service, at the close of business on such date, or (c) if the shares of Common Stock are not then publicly traded, the fair market value of a share of Common Stock as determined by an appraiser selected in good faith by the Holders of a majority in interest of the Warrants then outstanding.

4. Charges, Taxes and Expenses.

Issuance of certificates for Warrant Shares upon the exercise of this Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder of this Warrant, or in such name or names as may be directed by the Holder of this Warrant; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder of this Warrant, this Warrant, when exercised, shall be accompanied by the Assignment Form attached hereto as Exhibit B (the "Assignment Form") duly executed by the Holder hereof; and provided further, that upon any transfer involved in the issuance or delivery of any certificates for Warrant Shares, the Company may require, as a condition thereto, that the transferee execute an appropriate investment representation as may be reasonably required by the Company.

5. No Rights as Shareholders.

This Warrant does not entitle the Holder hereof to any voting rights or other rights as a Shareholder of the Company prior to the exercise hereof.

6. Exchange and Registry of Warrant.

This Warrant is exchangeable, upon the surrender hereof by the registered Holder at the above-mentioned office or agency of the Company, for a new Warrant or Warrants aggregating the total Warrant Shares of the surrendered Warrant of like tenor and dated as of such exchange. The Company shall maintain at the above-mentioned office or agency a registry showing the name and address of the registered Holder of this Warrant. This Warrant may be surrendered for exchange, transfer or exercise, in accordance with its terms, at such office or agency of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

7. Loss, Theft, Destruction or Mutilation of Warrant.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity reasonably satisfactory to it, and upon reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant of like tenor (but with no additional rights or obligations) and dated as of such cancellation, in lieu of this Warrant.

8. Saturdays, Sundays, Holidays, etc.

If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday, Sunday or legal holiday.

9. Cash Distributions.

No adjustment on account of cash dividends or interest on the Company's Common Stock or Other Securities that may become purchasable hereunder will be made to the Exercise Price under this Warrant.

10. Consolidation, Merger or Sale of the Company.

If the Company is a party to a consolidation, merger or transfer of assets which reclassifies or changes its outstanding Common Stock, the successor corporation (or corporation controlling the successor corporation or the Company, as the case may be) shall by operation of law assume the Company's obligations under this Warrant. Upon consummation of such transaction the Warrants shall automatically become exercisable for the kind and amount of securities, cash or other assets which the holder of a Warrant would have owned immediately after the consolidation, merger or transfer if the holder had exercised the Warrant immediately before the effective date of such transaction. As a condition to the consummation of such transaction, the Company shall arrange for the person or entity obligated to issue securities or deliver cash or other assets upon exercise of the Warrant to, concurrently with the consummation of such transaction, assume the Company's obligations hereunder by executing an instrument so providing and further providing for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Section 10.

11. Adjustments in the Exercise Price

The number of shares and class of capital stock purchasable under this Warrant are subject to adjustment from time to time as set forth in this Section 11.

(a) Adjustment for change in capital stock. If the Company:

(i) pays a dividend or makes a distribution on its Common Stock, in each case, in shares of its Common Stock;
(ii) subdivides its outstanding shares of Common Stock into a greater number of shares;
(iii) combines its outstanding shares of Common Stock into a smaller number of shares;
(iv) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock; or
(v) issues by reclassification of its shares of Common Stock any shares of its capital stock;

then the number and classes of shares purchasable upon exercise of each Warrant in effect immediately prior to such action shall be adjusted so that the holder of any Warrant thereafter exercised may receive the number and classes of shares of capital stock of the Company which such holder would have owned immediately following such action if such holder had exercised the Warrant immediately prior to such action.

For a dividend or distribution the adjustment shall become effective immediately after the record date for the dividend or distribution. For a subdivision, combination or reclassification, the adjustment shall become effective immediately after the effective date of the subdivision, combination or reclassification.

If after an adjustment the Holder, upon exercise of a Warrant, may receive shares of two or more classes of capital stock of the Company, the Board of Directors of the Company shall in good faith determine the allocation of the adjusted Exercise Price between or among the classes of capital stock. After such allocation, that portion of the Exercise Price applicable to each share of each such class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Warrant. Notwithstanding the allocation of the Exercise Price between or among shares of capital stock as provided by this Section 11(a), a Warrant may only be exercised in full by payment of the entire Exercise Price currently in effect.

(b) The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 11 and in the taking of all such action as may be necessary or appropriate in order to protect the exercise rights of the Holders of this Warrant against impairment.

(c.) At the end of each month during which the principal of the Note is unpaid; the exercise price (EP), subject to being no less than the Floor Price, shall be adjusted to the lesser of:

the existing conversion price, or

an adjusted conversion price calculated using the following formula: CP = SP x 110%

Where: SP is the average of the monthly high stock price and low stock price as reported by Bloomberg

Where Floor Price is:

$0.125 during the period August 1, 2009 through July 31, 2011 and,

After July 31, 2011, the lesser of $0.125 or the greater of either $0.05 per share or 8 times Cash EPS. Cash EPS is defined as Net Cash Provided by or used in Operating Activities minus Depreciation and Amortization divided by fully diluted share shares outstanding as reported on the most recently filed forms 10-Q or 10-K for the previous twelve months. The Note will be considered to outstanding for the purposes of calculating Cash EPS.

12. Certificate as to Adjustments.

In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable on the exercise of the Warrant, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of the Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock (or Other Securities) outstanding or deemed to be outstanding, and (c) the Exercise Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder of the Warrant and any Warrant agent of the Company (appointed pursuant to Section 16 hereof).

13. Reservation of Stock Issuable on Exercise of Warrant.

The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of the Warrant, shares of Common Stock (or Other Securities) from time to time issuable on the exercise of the Warrant.

14. Assignment; Exchange of Warrant.

Subject to compliance with applicable securities laws, this Warrant, and the rights evidenced hereby, may be transferred by any registered Holder hereof (a "Transferor") with respect to any or all of the shares underlying this Warrant. On the surrender for exchange of this Warrant, with the Transferor's duly executed Assignment Form and together with evidence reasonably satisfactory to the Company demonstrating compliance with applicable securities laws, which shall include, without limitation, a legal opinion from the Transferor's counsel that such transfer is exempt from the registration requirements of applicable securities laws, the Company at its expense (but with payment by the Transferor of any applicable transfer taxes) will issue and deliver to or on the order of the Transferor thereof a new Warrant of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Assignment Form (each a "Transferee"), calling in the aggregate on the face or faces thereof for the number of Warrant Shares called for on the face or faces of the Warrant so surrendered by the Transferor; and provided further, that upon any such transfer, the Company may require, as a condition thereto, that the Transferee execute an appropriate investment representation as may be reasonably required by the Company.

15. Registration Rights.

The Company has agreed to register the Warrant Shares in any subsequent registration statement filed by the Company with the SEC, so that Holders shall be entitled to sell the same simultaneously with and upon the terms and conditions as the securities sold for the Company's account are being sold pursuant to any such registration statement, subject to such lock-up provisions as may be proposed by the underwriter of said registration statement (the "Piggyback Registration Right"). There is no guarantee as to a time frame for the filing of such a registration statement.

16. Warrant Agent.

The Company may, by written notice to each Holder of a Warrant, appoint an agent for the purpose of issuing Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 2, exchanging this Warrant pursuant to Section 14, and replacing this Warrant pursuant to Section 7, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such agent.

17. Notices, etc.

All notices shall be in writing signed by the party giving such notice, and delivered personally or sent by overnight courier or messenger or sent by registered or certified mail (air mail if overseas), return receipt requested, or by telex, facsimile transmission, telegram or similar means of communication. Notices shall be deemed to have been received on the date of personal, telex, facsimile transmission, telegram or similar means of communication, or if sent by overnight courier or messenger, shall be deemed to have been received on the next delivery day after deposit with the courier or messenger, or if sent by certified or registered mail, return receipt requested, shall be deemed to have been received on the third business day after the date of mailing. Notices shall be sent to the addresses set forth below each party's signature on the Subscription Agreement.

18. Notices of Record Date.

In case,

(a) The Company takes a record of the holders of its Common Stock for the purpose of entitling them to subscribe for or purchase any shares of stock of any class or to receive a dividend, distribution or any other rights; or

(b) There is any capital reorganization of the Company, reclassification of the capital stock of the Company (other than a subdivision or combination of its outstanding shares of Common Stock), or consolidation or merger of the Company with or into another corporation which does not constitute a sale of the Company; or

(c) There is a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, and in any such case, the Company shall cause to be mailed to the Holder, at least 20 business days prior to the date hereinafter specified, a notice stating the date on which (i) a record is to be taken for the purpose of such dividend, distribution or rights, or (ii) such reclassification, reorganization, consolidation, merger, dissolution, liquidation or winding up is to take place and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, dissolution, liquidation or winding up.

19. Amendments and Supplements.

(a) The Company may from time to time supplement or amend this Warrant without the approval of any Holders in order to cure any ambiguity or to be correct or supplement any provision contained herein which may be defective or inconsistent with any other provision, or to make any other provisions in regard to matters or questions herein arising hereunder which the Company may deem necessary or desirable and which shall not materially adversely affect the interest of the Holder. All other supplements or amendments to this Warrant must be signed by the party against whom such supplement or amendment is to be enforced.

(b) Notwithstanding Section 19(a), the Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

20. Investment Intent.

Holder represents and warrants to the Company that Holder is acquiring the Warrants for investment and with no present intention of distributing or reselling any of the Warrants.

21. Certificates to Bear Language.

The Warrants and the Warrant Shares issuable upon exercise thereof shall bear the following legend by which Holder shall be bound:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT IS AVAILABLE."

Certificates for Warrants or Warrant Shares without such legend shall be issued if such Warrants or Warrant Shares are sold pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Act"), or if the Company has received an opinion from counsel reasonably satisfactory to counsel for the Company, that such legend is no longer required under the Act.

22. Miscellaneous.

(a) This Warrant shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. The parties submit to the jurisdiction of the Courts of the County of Los Angeles, State of California or a Federal Court empanelled in the State of California for the resolution of all legal disputes arising under the terms of this Warrant, including, but not limited to, enforcement of any arbitration award. The Company and the Holder agree to submit to the jurisdiction of such courts and waive trial by jury.

(b) If any action or proceeding is brought by the Company on the one hand or by the Holder on the other hand to enforce or continue any provision of this Warrant, the prevailing party's costs and expenses, including its reasonable attorney's fees, in connection with such action or proceeding shall be paid by the other party.

(c) In the event that any provision of this Warrant is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Warrant.

(d) The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officers thereunto duly authorized as of the date first written above.

APOLLO MEDICAL HOLDINGS, INC.,
a Delaware corporation

By: ______________________________
Warren Hosseinion, M.D
Chief Executive Officer

HOLDER

____

EXHIBIT A

TO

WARRANT

NOTICE OF EXERCISE

To Be Executed by the Holder

in Order to Exercise the Warrant

The undersigned Holder hereby elects to purchase _______ Shares pursuant to the attached Warrant, and requests that certificates for securities be issued in the name of:

____

(Please type or print name and address)

____

____

____

(Social Security or Tax Identification Number)

and delivered

to:____

____.

(Please type or print name and address if different from above)

If such number of Shares being purchased hereby shall not be all the Shares that may be purchased pursuant to the attached Warrant, a new Warrant for the balance of such Shares shall be registered in the name of, and delivered to, the Holder at the address set forth below.

In full payment of the purchase price with respect to the Shares purchased and transfer taxes, if any, the undersigned hereby tenders payment of $__________ by check, money order or wire transfer payable in United States currency to the order of [________________].

HOLDER:

Dated:

By: /s/

Name

Title

EXHIBIT B

TO

WARRANT

FORM OF ASSIGNMENT

(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto _____________ the right represented by the within Warrant to purchase ______ shares of Common Stock of _________, Inc., a Delaware corporation, to which the within Warrant relates, and appoints ____________________ Attorney to transfer such right on the books of ____________, Inc., a Delaware corporation, with full power of substitution of premises.

Dated:

By: /s/

Name
Title
(signature must conform to name

of holder as specified on the fact of the Warrant)

Address:

Signed in the presence of :

Dated:

Exhibit 10.2

MANAGEMENT SERVICES AGREEMENT

This Management Agreement (“Agreement”) is made and entered into as of this 1st day of August, 2008, by and between Apollo Medical Management, Inc., a Delaware corporation (“Manager”), and ApolloMed Hospitalists, a California medical corporation (“Group”).

Recitals:

A. Manager is a Delaware corporation engaged in the business of managing physician practices to enhance the quality and efficiency of the medical practices it manages.

B. Group is a California medical corporation that provides hospitalist services to inpatients at hospitals staffed by Group.

C. Group desires retain Manager to provide assistance to Group in managing and administering all non-medical aspects of Group’s medical practice in a manner and to the extent permitted by law.

D. Group and Manager recognize that Group has sole responsibility for providing medical services to Group’s patients, and Manager shall provide assistance to Group in managing and administering all non-medical functions of Group’s medical practice.

THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Management Services . During the term of this Agreement, Group engages Manager to assist Group in providing the following management and administrative services required by Group for the operation of the Practice:

(a) Business Matters . Supervising and coordinating all day-to-day, non-medical business aspects of Group’s Practice.

(b) Supplies and Equipment . Ordering and purchasing, after consultation with Group, all medical and office supplies and equipment required by Group in connection with the operation of Group’s practice. All such supplies shall be of a quality acceptable to Group.

(c) Bookkeeping . Providing all bookkeeping and accounting services, including, without limitation, maintenance, custody and supervision of Group’s business records, papers and documents, ledgers, journals and reports, and the preparation, distribution and recording of all bills and statements for professional services rendered by Group in the course of Group’s Practice.

(d) Management & Clinical Information Systems. Upon request and in consultation with Group, the planning, negotiation with third party vendors, selection, installation and operation of appropriate hardware and software (including but not limited to the Apollo Web database technology) to provide Group with management and clinical information systems support. All clinical and financial data pertaining to Group's practice shall be regularly backed up on electronic media, with additional hard copy back up when in the judgment of Manager, after consultation with Group, it is prudent to do so, and copies of such back up data in both electronic media and hard copy shall be provided to Group from time to time upon request of Group. Upon termination of this Agreement for any reason, all such data and back up data shall be promptly delivered to Group to ensure continuity of Group's financial and clinical operations. All such services shall comply, as appropriate, with the Health Insurance Portability and Accountability Act of 1996, and the regulations promulgated thereto ("HIPAA").

(e) Billing & Collection. Subject to Section 3(d) below, providing all billing and collection services for Group's medical practice. All billings shall be accurate and in accord with appropriate and up-to-date payor coding requirements. Manager shall diligently pursue collections of Group and shall follow up billings in a timely fashion to ensure that payments are received to the greatest extent possible in a commercially reasonable time, and that aged accounts receivable are maintained within commercially reasonable limits, for medical practices similar to that of Group.

(i) Attorney-In-Fact; Assignment and Limitations. In performing its billing and collection duties hereunder, Manager shall act as Group's agent and shall indicate it is billing in the name of Group. Group hereby appoints Manager, for the term hereof, as its true and lawful attorney-in-fact, with full power of assignment and substitution, to bill patients or third party payors on Group's behalf; collect accounts receivable arising out of billings, and receive payments on behalf of Group. Notwithstanding the foregoing, no assignment shall be made to Manager of any sums or rights to payment, the assignment of which is prohibited by law (e.g., revenues from patients covered by the Medicare program). In lieu of assignment of such payments, unless otherwise prohibited by law, Group shall remit to Manager the amount of any such sums within five (5) business days of Group's receipt thereof. Group and Manager shall cooperate in the establishment of a separate account or accounts to track all such amounts. In connection with its billing activities, Manager may take possession of, and endorse in the name of Group, any and all notes, drafts and other instruments received by way of payment. Manager shall assist Group in negotiating or otherwise communicating with any patient or third party payor regarding claims processing and any disputes arising therefrom.

(ii) Bank Accounts. Manager is hereby granted a general power of attorney with respect to the bank accounts of Group and shall have full access to and signatory rights, with Group, over such bank accounts. Manager shall have full power and authority to deposit funds into, and withdraw funds from, all such accounts in accordance with the terms of this Agreement; provided, however, that Group may impose such limitations upon Manager's signatory rights over such accounts as Group shall determine from time to time, in Group's sole discretion. Manager shall have full authority to receive and transact on behalf of Group all cash, checks, drafts, notes and other instruments tendered as payment for professional services rendered by Group, except as may be precluded by law.

(f) UR/QA . Assisting Group in the establishment and implementation of a program or programs of utilization review and quality assurance for the activities of Group, and in the formulation and implementation of related policies, procedures and protocols including, but not limited to both a monitoring function and the development and implementation of performance parameters, evidence based medicine protocols, and outcomes measurements

(g) Insurance . Negotiating and securing appropriate insurance coverage on behalf of Group and in connection with Group's Practice, after consultation with Group, including coverage for malpractice, comprehensive general liability, fire and premises liability, worker's compensation, business interruption, and such other coverage as may be agreed from time to time between Manager and Group.

(h) Worker's Compensation, Etc . Preparing and filing all forms, reports, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, social security, and other similar laws now in effect or hereafter imposed.

(i) Premises . Managing the proper maintenance and physical operation of Group's medical practice premises ("Premises"). Group's medical office lease(s) are listed on Exhibit A, which is attached hereto and made a part hereof.

(j) Clerical Support . Providing reception, secretarial, human resources, transcription and clerical personnel and services, including management of the maintenance of medical records. All Manager personnel shall be acceptable to Group in its reasonable discretion and shall be appropriately trained and supervised for the duties assigned to them in connection with Group's practice.

(k) Advertising . Marketing of physician services to hospitals, and otherwise coordinating advertising, marketing and similar activities conducted on behalf of Group, after consultation with Group.

(l) Capital . Consulting with Group regarding capital and financial needs, including seeking capital, undertaking the efforts to raise, and providing access to, capital for any lawful purpose, including without limitation working capital, acquiring other physician practices and acquiring other business assets of the practice.

(m) Contracting . Manager shall assist Group in setting the parameters under which Group will enter into, and in negotiating, contractual relations with hospitals and third party payors.

(n) Other Services. Providing such other services as may be agreed between the parties from time to time which may include, but not be limited to, Physician recruitment services, contracting services (with hospitals and payors), physicians scheduling, Payroll services for the physicians (as well as management company personnel), Case management for patients

2. Performance of Manager's Services.

(a) Manager's Availability. Manager shall devote its best efforts to carrying out the terms of this Agreement and shall devote sufficient time and resources, as determined by Manager after consultation with Group, as is reasonably required to discharge its duties under this Agreement.

(b) Manager's Authority. Manager shall perform all additional and ancillary services, not otherwise described in this Agreement, that may in Manager's judgment, after consultation with Group, be reasonable and appropriate in order to meet Manager's obligations under this Agreement. Manager may subcontract with other persons or entities, including entities related to Manager by common ownership or control, to perform all or any part of the services required of Manager by this Agreement. For purposes of this Agreement, Manager shall have signatory rights on all bank accounts used by Group in the conduct of Group's Practice, and Manager shall have the right to make deposits to and payments from such accounts as it deems appropriate in furtherance of its obligations hereunder, in accordance with Paragraph 1(e)(ii) (Bank Accounts).

(c) Manager's Responsibility. In all matters under this Agreement, Manager shall abide by all applicable state and federal laws and regulations, and applicable policies and procedures of Group.

(d) Reports to Group. On or before the twenty-fifth (25th) day of the first month of each calendar quarter, Manager shall provide Group with an accounting of all billings and collections on behalf of Group, and all deposits to the account(s) of Group and payments from the account(s) of Group, effected by Manager for the benefit of Group during the immediately preceding calendar quarter. All reports shall be in such form as may be agreed between Manager and Group from time to time.

3. Obligations of Group.

(a) Designation of Agent. Group hereby designates and appoints Manager to act as Group's non-physician manager and to provide the services to Group in connection with Group's Practice as described in this Agreement. Group hereby designates Warren Hosseinion, M.D. as its designated representative who is duly authorized by the Group to bind the Group and act on behalf of the Group in all respects pertaining to this Agreement.

(b) Access to Information . Group acknowledges and agrees that all information and records concerning Group and Group's performance of services that may be obtained by Manager during the term of this Agreement may be used by Manager for all purposes necessary or convenient to Manager's obligations under this Agreement.

(c) Selection of Group Personnel . Group shall retain responsibility for the selection, hiring and termination of physicians, allied health professionals and medical assistants working in clinical capacities for the Group. Group, in consultation with Manager, shall be solely responsible for determining the compensation of all licensed medical professionals.

(d) Coding and Billing Procedures . Group shall retain responsibility for decisions relating to coding and billing procedure for patient care services.

4. Confidentiality.

(a) Trade Secrets . All proceedings, files, records and related information of Group and of Manager are confidential and proprietary information of Group and Manager, respectively, and each party shall keep and maintain as strictly confidential all such information to which it may have access by virtue of this Agreement. Neither party shall voluntarily disclose all or any part of such confidential information, orally or in writing, except as expressly required by law or pursuant to a written authorization from the other party. Each party shall include the provisions of this Paragraph in any written contract with any employed or contracted persons that may be engaged by such party to render services pursuant to this Agreement, and shall take such other steps as may be reasonable under the circumstances to ensure that its respective personnel do not disclose any confidential information in violation of this provision. This covenant shall survive the termination of this Agreement. Each party agrees that upon termination of this Agreement for any reason, it shall promptly return to the other party the originals and all copies of any and all trade secrets, confidential or proprietary information, it may then possess, including without limitation any such information stored on computer media.

(b) Medical Information & Patient Records . Each party shall maintain the confidentiality of all patient records, charts and other patient identifying information, and shall comply with all applicable State and Federal laws governing the confidentiality of medical records and related information. Manager will serve as a "Business Associate" (as that term is defined under HIPAA) of Group, Accordingly, and in compliance with the requirements HIPAA, Manager shall, prior to the commencement of services hereunder, enter into a mutually acceptable form of Business Associate Agreement.

(c) Intellectual Property Rights . Group utilizes a proprietary database technology called ApolloWeb to enhance the quality and efficiency of the medical practices it manages. ("ApolloWeb"). From time to time, Group may provide Manager with software programs and related documentation, or improvements and upgrades thereto, to facilitate its use of ApolloWeb ("System-Related Software"). Group hereby grants Manager a nonexclusive, royalty-free license to reproduce, install and use on equipment owned or controlled by Group, and solely for Group's own purposes (which may be business or non-commercial, as applicable), any such System-Related Software only in the form it was provided or made available to Manager by Group, and only in connection with Manager's use of the ApolloWeb in accordance with this Agreement. Manager will not distribute, sublicense, modify, create derivative works of, sell, transfer or assign the System-Related Software, nor will Manager reverse engineer, decompile or disassemble any object code of System-Related Software except to the extent permitted by applicable law notwithstanding this restriction. Manager further agrees not to remove or destroy any proprietary markings or confidential legends placed upon or contained within any System-Related Software.

Group and its licensors reserve all right, title and interest in the ApolloWeb and System-Related Software, including all intellectual property rights therein (including without limitation all copyrights, patents, trade secrets, trademarks, service marks and trade names) subject to the licenses expressly set forth in this Agreement. This Agreement does not include any sale or transfer to Manager of Group intellectual property rights, including without limitation with respect to ApolloWeb or any System-Related Software.

Manager acknowledges that the content, data and other materials made available by Group are owned or licensed by Group (the "Third Party Materials"). Manager will not reproduce, distribute, modify, create derivative works of, or exercise any other rights in, such third party materials except as authorized by Group.

5. Independent Contractors.

In the performance of services under this Agreement, it is mutually understood and agreed that Manager is at all times acting and performing as an independent contractor rendering administrative services to Group. Neither party shall have any claim against the other under this Agreement or otherwise for Workers' Compensation, unemployment compensation, vacation pay, sick leave, retirement benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits.

6. Staffing of Manager and Group.

(a) Non-physician Personnel . Manager shall be responsible for the payment to all persons employed or retained by Manager of all compensation, including reasonable base salary, fringe benefits, bonuses, health and disability insurance, workers' compensation insurance and any other benefits that Manager may make available to its employees or contractors.

(b) Licensed Professional Personnel. Group shall employ or contract with all physicians and other licensed professional personnel that Group, after consultation with Manager, deems to be required for the conduct of the Practice. All such personnel shall be employees or contractors of Group, and Group shall be responsible for the payment to all such persons of all compensation, including reasonable base salary, fringe benefits, bonuses, health and disability insurance, workers' compensation insurance and any other benefits which Group may make available to Group's employees or contractors; provided, however, that Manager shall have management responsibility over the non-medical aspects associated with Group's employment or contracting of such personnel.

7. Term and Termination.

(a) Term. This Agreement shall commence on August 1, 2008 and shall continue in full force and effect for a term of twenty (20) years (the "Term") until terminated as provided in this Agreement.

(b) No Termination without Cause. This Agreement may be terminated only for cause as specified in Subparagraph (c) below.

(c) Termination For Cause. This Agreement may be terminated by either party for cause, upon sixty (60) days prior written notice to the other party specifying the cause upon which such termination is based. For purposes of this Agreement, "cause" shall have the meanings set forth below. Notwithstanding the foregoing, neither party may terminate this Agreement if, during the foregoing sixty (60) day period, the party to whom notice has been given successfully cures the failure or breach of performance upon which termination is based; provided, however, that if such failure or breach cannot be cured within the sixty (60) day period, termination shall not occur if the party to whom notice has been given takes material action during such sixty (60) day period to cure the failure or breach and thereafter diligently and continuously prosecutes such cure to completion.

(d) By Group. Cause for termination by Group shall be limited to the following: (i) failure of any representation or warranty made by Manager in this Agreement to be true at the date of this Agreement and to remain true throughout the Term hereof, which failure has a material adverse effect upon Group; (ii) material failure by Manager to duly observe and perform the covenants and agreements undertaken by Manager herein; (iii) misrepresentation of material fact, or fraud, by Manager in the discharge of its obligations under this Agreement; (iv) if Manager shall dissolve, shall be adjudicated insolvent or bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to or authorize the filing of a voluntary petition in bankruptcy, which petition shall remain undismissed for a period of sixty (60) days, or the filing against Manager of any proceeding in involuntary bankruptcy, which proceeding shall remain undismissed for a period of sixty (60) days.

(e) By Manager. Cause for termination by Manager shall be limited to the following: (i) failure of any representation or warranty made by Group in this Agreement to be true at the date of this Agreement and to remain true throughout the Term hereof, which failure has a material adverse effect upon Manager; (ii) material failure by Group to duly observe and perform all the covenants and agreements undertaken by Group herein; (iii) misrepresentation of material fact, or fraud, by Group in the discharge of Group's obligations under this Agreement; or (iv) if Group shall be adjudicated insolvent or bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to or authorize the filing of a voluntary petition in bankruptcy, which petition shall remain undismissed for a period of sixty (60) days, or the filing against Group of any proceeding in involuntary bankruptcy, which proceeding shall remain undismissed for a period of sixty (60) days.

(f) Effect of Termination. Termination of this Agreement shall not discharge either party from any obligation which may have arisen and which remains to be performed upon the date of termination, including, but not limited to, the obligation to compensate Manager in accordance with Section 8 (Management Fee). Upon termination of this Agreement, Manager shall promptly deliver to Group all clinical and financial data maintained by Manager for Group's benefit. Manager shall make diligent efforts to collect receivables arising from services of Group prior to the date of termination and shall remit to Group in a timely fashion the allocable portion of all such collections. Similarly, following termination, all receivables that Group may directly collect arising from services of Group prior to the date of termination shall be allocated as provided herein, and Group shall remit to Manager in a timely fashion the allocable portion of Group's collections of the same.

8. Management Fee.

(a) In consideration of the management services to be rendered by Manager hereunder, Group shall pay Manager, quarterly, three and one half percent (3.5%) of that portion of Group's gross revenue that Group receives for the performance of medical services by Group, as the same may be amended or modified from time to time, according to medical practice budgets agreed between Manager and Group.

(b) On or before the twentieth (20th) day of the month following each fiscal quarter, Manager may deduct and pay to itself, from any account(s) of Group managed by Manager, all amounts due and owing to Manager as management fees for the immediately preceding quarter.

9. Rights of Entry and Inspection.

(a) By Manager. Manager and its duly authorized representatives shall have the right at all reasonable times to enter upon Group's Premises for the purposes of carrying out the duties of Manager hereunder, and for inspection and verification of Group's books and records pertaining to Group's Practice; provided, however, that any such entry by Manager shall not unreasonably interfere with the conduct of Group's Practice.

(b) By Group. Group and its duly authorized representatives shall have the right at all reasonable times to enter upon Manager's premises for the purposes of carrying out the duties of Group hereunder, and for inspection and verification of Manager's books and records pertaining to Group's Practice; provided, however, that any such entry by Group shall not unreasonably interfere with the conduct of Manager's business.

10. Group's Representations and Warranties.

(a) Properly Constituted. Group is a professional corporation, duly organized, existing in good standing under the laws of the State of California, has the corporate power and authority to own its property and to carry on Group's business as it is now being conducted, and to enter into and perform Group's obligations under this Agreement.

(b) No Conflicts. The execution, delivery and performance of this Agreement will not contravene or conflict with any agreements, indentures or contracts to which Group is a party or by which it is bound.

(c) Licenses and Permits. Group has in full force and effect all licenses, permits and certificates required to operate Group's Practice as it is being operated as of the date of this Agreement. Group shall promptly notify Manager should any of Group's shareholders become ineligible to practice medicine in the State of California. Group shall not permit any persons who have become ineligible to practice medicine in California to retain shares of Group beyond such time periods as may be permitted by law.

(d) Consents. Group has taken all appropriate corporate action and has obtained all necessary approvals and consents that are necessary or convenient to enable Group to enter into this Agreement.

11. Manager's Representations and Warranties.

(a) Properly Constituted. Manager is a corporation duly organized, existing and in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to carry on its business as it is now being conducted, and to enter into and perform its obligations under this Agreement.

(b) No Conflicts. The execution, delivery and performance of this Agreement will not contravene or conflict with any agreements, indentures or contracts to which Manager is a party or by which it is bound.

(c) Licenses and Permits. Manager has in full force and effect all licenses, permits and certificates required to operate its business as it is being operated as of the date of this Agreement.

(d) Consents. Manager has taken all appropriate corporate action and has obtained all necessary approvals and consents that are necessary or convenient to enable Manager to enter into this Agreement.

12. Insurance and Indemnity.

(a) Professional Liability. Group shall at all times during the term of the Agreement procure and maintain, and cause all licensed health care personnel associated with Group's medical practice to similarly procure and maintain, professional liability insurance with minimum coverage limits of One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) annual aggregate, and in such form and substance, and underwritten by such recognized companies, authorized to do business in California, as Manager may from time to time reasonably require, and shall provide copies of all such policies and renewals thereof to Manager upon request.

(b) Indemnity. To the extent permissible under each party's respective policies of insurance, each party shall indemnify and hold harmless the other party, and its shareholders, directors, officers, employees and agents, from and against all damages, costs, expenses, liabilities, claims, demands, and judgments of whatever kind or nature, including reasonable attorneys' fees and costs, for which either party might liable, in whole or in part, arising out of or related to the acts and/or omissions of the indemnifying party and its shareholders, directors, officers employees and agents.

13. General Provisions.

(a) Assignment. Neither party shall assign any of its rights nor delegate any of its duties or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, Manager may assign this Agreement to a successor in interest by providing notice to Group, which notice shall state the effective date of such assignment. Upon such assignment, the successor shall be responsible for the duties and responsibilities of Manager hereunder. Nothing contained in this Agreement shall be construed to prevent the Manager from selling or conveying substantially all of its assets used in connection with the performance of this Agreement, nor shall Group be prohibited from selling or conveying substantially all of its assets provided that the Agreement continues in full force and effect.

(b) Access to Books and Records. Manager shall make available, upon request, to the Secretary of Health and Human Services and the Comptroller General of the United States, or their authorized representatives, this Agreement, and all books, documents and records relating to the nature and extent of the costs of services provided hereunder for a period of five (5) years after the furnishing of services pursuant hereto. In addition, if Manager's services under this Agreement are to be provided by subcontract and if that subcontract has a value or cost of Ten Thousand Dollars ($10,000.00) or more over a twelve-month period, Manager shall require in writing that the subcontractor make available to the Secretary and the Comptroller General, or their authorized representatives, for a period of five (5) years after the furnishing of such services, the subcontract and all books, documents and records relating to the nature and extent of the costs of the services provided thereunder.

(c) Amendments . This Agreement may be amended at any time by mutual agreement of the parties without additional consideration, provided that before any amendment shall become effective, it shall be reduced to writing and signed by the parties. Notwithstanding the foregoing, should any provision of this Agreement be in conflict with a governing State or federal law, it shall be deemed amended accordingly.

(d) Notices . Notices required under this Agreement shall be deemed given (i) at the time of personal delivery upon the party to be served; or (ii) twenty four (24) hours following deposit for overnight delivery with a bonded courier holding itself out to the public as providing such service, or following deposit in the U.S. Mail, Express Mail for overnight delivery; or (iii) forty eight (48) hours following deposit in the U.S. Mail, registered or certified mail; and in any case postage prepaid and addressed as follows, or to such other addresses as either party may from time to time designate to the other:

To Group: ApolloMed Hospitalists

P.O. Box 4555

Glendale, CA 91222

To Manager: Apollo Medical Management, Inc.

1010 N. Central Ave.

Glendale, CA 91201

(e) Entire Agreement . This Agreement, including all Attachments, is the entire Agreement between the parties regarding the subject matter hereof, and supersedes all other and prior agreements, whether oral or written.

(f) Successors and Assigns . This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their permitted successors and assigns.

(g) Waiver of Provisions . No waiver of any terms or conditions hereof shall be valid unless given in writing, and signed by the party giving such waiver. A waiver of any term or condition hereof shall not be construed as a future or continuing waiver of the same or any other term or condition hereof.

(h) Governing Law . This Agreement shall be construed in accordance with and governed by the laws of the State of California without regard to conflicts of law.

(i) Severability . The provisions of this Agreement shall be deemed severable, and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

(j) Attorneys' Fees . In the event that any action, including mediation or arbitration, is brought by either party arising out of or in connection with this Agreement, the prevailing party in such action shall be entitled to recover its costs of suit, including reasonable attorneys' fees.

(k) Captions . Any captions to or headings of the articles, sections, subsections, paragraphs, or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of any provision hereof.

(l) Cumulation of Remedies . The various rights, options, elections, powers, and remedies of the respective parties hereto granted by this Agreement are in addition to any others to which the parties may be entitled to by law, shall be construed as cumulative, and no one of them is exclusive of any of the others, or of any right of priority allowed by law.

(m) No Third Party Rights . The parties do not intend the benefits of this Agreement to inure to any third person not a signatory hereto; and accordingly, this Agreement shall not be construed to create any right, claim or cause of action against either party by any person or entity not a party hereto.

(n) Construction of Agreement . The parties agree that each party and its counsel have participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

(o) Counterparts . This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Apollo Medical Management, Inc.
("MANAGER"):

By: /s/ Warren Hosseinion

Its: Chief Executive Officer

Apollo Med Hospitalists, a Medical Corporation
("GROUP"):

By: /s/ Warren Hosseinion

Its: Chief Executive Officer

Exhibit A

Real Property Leases

VIRTUOSO OFFICES - TERMS OF SERVICE

The following terms apply to the service agreement signed by Client, and referred to as *the agreement*. If two or more have signed the agreement, Client's liabilities are joint and severable. The agreement supersedes any previous agreement Client may have had with Virtuoso for the same services, and contains all the agreed upon terms.

SERVICES INCLUDED WITH YOUR MONTHLY CHARGES

Office Services : We will provide the following office services during normal business hours Monday – Friday 8:30AM to 5:30 PM, Major US Holidays excepted.

- access to your office(s) 24 hours per day, 7 days per week
- telephone answering by our operators
- reception area
- heating and air conditioning
- lighting and electrical power
- cleaning of office(s)
- servicing, maintenance and repair of Virtuoso equipment
- kitchen and copy facilities

Virtuoso is happy to discuss special arrangements for use of these facilities outside our normal business hours.

Office Suite(s) : You have agreed to pay monthly for the office(s) noted in the agreement. Should there be an occasion that Virtuoso needs to move Client to a different office suite(s), it will be the same size or larger. Please note that Virtuoso will not move Client without Client's approval, which would be made in advance.

Conference Facilities : Client has access to 20 hours free use of conference room facilities each month. Note that these facilities are scheduled on a first come first served basis and do not accrue. Additional use will be billed on an hourly rate.

ADDITIONAL VIRTUOSO OFFICE SERVICES

The following services are available for an extra charge in accordance with our Facilities Pricing. These rates are subject to change with 30 days written notice.

- Secretarial services
- Photocopying
- Telephone sets, line and long distance
- Messaging
- Courier services
- Facsimile
- Office supplies
- Mail handling
- Meeting and conference rooms
- Video conferencing
- Catering
- High speed internet access
- Voicemail
- Garage parking

UTILIZING VIRTUOSO OFFICES

General Rules : Client must comply with any rules noted. Client is prohibited from bringing animals into the suites, and must refrain from playing music or using amplification equipment that can be heard outside their office(s). All interior office space and parking space is non-smoking. Any smoking must be done outdoors, on the patio or outside the building.

Legal Compliance : Client must comply with all relevant laws and regulations. Client may not interfere with the use of the facilities by Virtuoso or other clients, cause any nuisance or annoyance, cause an increase in the insurance premiums Virtuoso has to pay or cause loss or damage to Virtuoso or to the owner of any interest in the building which contains the facility. Client acknowledges that (a) the terms of the foregoing sentence are a material inducement to Virtuoso for the execution of this agreement and (b) any violation by Client

of the foregoing sentence may constitute a material default by Client, entitling Virtuoso to terminate agreement.

Move-In : Client may be required to sign an inventory of all furniture and equipment you are permitted to use, together with a note of its condition, and details of the keys or entry cards issued to you.

Client's Business : Client may only use office(s) for office purposes as stated in agreement or subsequently agreed upon. Office use of a "retail" nature, including frequent visits by members of the public, is not permitted. Client may not carry on a business which competes with Virtuoso's business of providing serviced office space. Client may not use the name Virtuoso Offices in any way in connection with their business.

Building Directory : Client's name can be added to the lobby directory. Client may not apply any signage on their doors or where it would be visible from outside their office(s). Client may use the facility address as their business address.

Property: Client must take good care of all parts of the facility, its equipment and furnishings which Client may come in contact with. Client must not alter any part of the facility. Client is liable for any damage caused by Client or Client's visitors.

Office furniture and equipment : Client may not install any furniture or office equipment, cabling, IT or telecommunications connections without Virtuoso's consent.

Keys and security : All keys and access cards assigned to Client remain Virtuoso's property. Client may not make any copies of them or allow anyone else to use them without Virtuoso's consent. Any loss must be reported to Virtuoso immediately and Client may be responsible for the cost of replacements and may also be responsible for changing locks if necessary. Should Client utilize their office(s) after normal working hours, it is Client's responsibility to secure their office(s) upon leaving.

Insurance : It is Client's responsibility to arrange insurance for their property, and liability for Client's employees and guests.

PROVIDING SERVICES

Commencement : If for any reason Virtuoso cannot provide the office(s) stated in the agreement by the commencement date, Virtuoso has no liability to Client for any type of loss or damages. However, Virtuoso will not charge Client rent for office(s) for any days that Client cannot occupy and will make adjusting pro-rata credits for any days beyond which Client has already paid rent on.

Access to Office(s) : Virtuoso may enter Client's office(s) at any time. However, unless there is an emergency Virtuoso will always try to inform you in advance should we need access to Client's suite for routine inspection, cleaning or maintenance. Virtuoso will also respect security procedures to protect the confidentiality of Client' business. The janitorial staff will also have access to Client's office(s) for purposes of cleaning office(s).

Termination of Services : Virtuoso may by notice, suspend the provision of services (including access to office(s)) for reasons beyond our reasonable control. Payment of monthly charges will also be suspended for the same period.

Virtuoso's Liability : Virtuoso is not liable for any loss as a result of Virtuoso's failure to provide a service as a result of mechanical breakdown, strike, delay, failure of staff, termination of Virtuoso's interest in the building containing the facility or otherwise, unless Virtuoso does so deliberately or we are grossly negligent. Virtuoso is also not liable for any failure until Client has informed us about it and given us a reasonable time to cure.

Telecommunications Services: Virtuoso provides Client with telecommunications services including phone system, phone lines, internet access and fax/modem lines. Virtuoso provides these services in a reselling capacity and is not responsible for any failure or discontinuity in service that may occur due to circumstances beyond our control, including but not limited to failure of equipment, failure of lines, temporary disconnection of services from Virtuoso's service providers or technical failures of such. Virtuoso will undergo reasonable efforts in working with our telecommunication service vendors to resolve any problems that may cause a discontinuity in service. Client acknowledges that Virtuoso cannot guarantee the constant availability or reliability of telecommunications services, and Client hereby agrees to hold Virtuoso harmless against any consequential damages to Client's business, real or perceived, resulting from an interruption in telecommunications services.

OFFICE AGREEMENT

Nature of Client Agreement : Client acknowledges that the agreement creates no tenancy interest, leasehold estate or other real property interest in Client's favor with respect to the office space. Virtuoso allows Client to share the use of this facility in order to provide services. The agreement is for Client only and cannot be transferred to anyone else without the prior written consent of Virtuoso. Virtuoso may transfer the benefit of Client's agreement and Virtuoso's obligations under it at any time.

Duration : Client's agreement and obligations to pay rent and service fees shall last for the period stated on Page 1 of this agreement.
Ending Client's Agreement : Client will be required to give at least 30 days written notice from the if Client does not wish to renew their agreement. Failure to do so will result in an automatic renewal stating the same term as Client's previous agreement and Client will be charged at the current market rate as determined by Virtuoso Offices.

Terminating Agreement : Virtuoso may put an end to Client's agreement immediately by giving Client notice if:

- Virtuoso has a reasonable basis to believe that Client may not be able to pay fees on time
- Client is in breach of any of their obligations which cannot be put right or which Virtuoso has given Client notice to put right and which

Client has failed to put right within fourteen days of that notice, or

- Client's conduct, or that of one of Client's employees, contractors or visitors is incompatible with normal office use.

If Virtuoso has to put an end to the agreement for any of these reasons it does not put an end to any then outstanding obligations Client may have and Client must:

- pay for additional services incurred
- pay the standard fee for the remainder of the period for which the agreement would have lasted had it not ended, or (if longer) for a further period of three months, and
- Indemnify Virtuoso against all costs and losses Virtuoso incurs as a result of the termination

Unavailability: In the unlikely event that Virtuoso is no longer able to provide the services and office(s) at the facility stated in Client's agreement then the agreement will end and Client will only be responsible for the standard monthly fees up to the date the agreement ends and for any services Client has used.

Agreement End

- Client is to vacate their office(s) immediately, leaving space in the same condition as it was upon move-in, other than normal wear and tear. Should Client leave any personal property in the facility, it may be disposed of without owing Client any responsibility for it.
- Client may enter into a "Virtual Office" Agreement in order to continue utilizing address and assuring a smooth transition of Client's business. The cost for such service will be at the current monthly rates.

If Client continues to use the office(s) after termination,

- Client will be responsible for any loss, claim or liability Virtuoso incurs as a result of Client's failure to vacate
- Virtuoso may, at their discretion, permit Client an extension subject to a surcharge on the monthly fee.

Employees: While Client's agreement is in force and for a period of six months following termination, Client agrees not to solicit or offer employment to any of Virtuoso's staff. Should Client do otherwise, Client agrees that Virtuoso's loss is equal to the equivalent of one half year's salary for each of the employees concerned and Client agrees to pay Virtuoso damages equal to that amount.

Notices: All formal notices must be in writing.

Confidentiality: The terms of the agreement are confidential. Both parties agree that they will not disclose any of the terms of this agreement without the other's consent unless required to do so by law or an official authority. This obligation continues to be in effect after the agreement ends.

Indemnities : Client shall indemnify Virtuoso with respect to all liability, claims, damages, loss and expenses which may arise (except to the extent caused by Virtuoso's gross negligence or wilful misconduct)

- if someone dies or is injured while in the office(s) Client is using
- from a third party in respect of Client's use of the office(s) and services
- from a third party in respect of Virtuoso's provision of services to Client
- if Client does not comply with the terms of the agreement

Client must also pay any costs, including reasonable legal fees, which Virtuoso incurs in enforcing the agreement.

Consequential loss : If for any reason Virtuoso cannot provide Client with any service, Virtuoso's liability is limited to crediting or returning to Client a fair proportion of the relevant fee. Virtuoso has no liability whatsoever for any consequential loss as a result of anything Virtuoso or their staff do or fail to do.

Applicable law: This agreement is interpreted and enforced in accordance with the laws of the state California. Both parties agree to accept the non-exclusive jurisdiction of the courts of such jurisdiction.

VIRTUOSO OFFICE FEES

Monthly Charge : The monthly charge is payable in advance and in full by the 1st day of each month. For a period of less than a month the fee will be prorated on a daily basis.

Additional services : Charges for additional services are invoiced in arrears and payable in full by the 1st day of each month together with the fixed monthly charge. Virtuoso will provide Client with a detailed invoice approximately 10 days prior to the 1st of each month.

Payment terms : All payments are to be made on or before the required date. Preferred payment shall be by check or wire transfer. When you pay by check, we reserve the right to deny you access to your office(s) and/or refuse to provide additional services to you in the absence of cleared funds.

Security Deposit : The security deposit required is equal to one and ½ (1 1/2) month's fixed rental and shall be paid upon signing the Agreement. The Security Deposit cannot be used as last months rent. In addition, Virtuoso may require Client to sign a Personal Guarantee. The security deposit will be held by Virtuoso as security for performance of all obligations under the agreement. The security deposit, or any balance after deducting outstanding charges and other costs due to Virtuoso, will be returned to Client within 60 days following the termination of the agreement. Virtuoso also requires a non-refundable fee of $200 per office for painting and cleaning following termination of agreement. Virtuoso may require Client to pay an additional security deposit if:

- outstanding fees exceed the security deposit being held
- Client consistently fails to pay monthly charges in a timely manner

Late payment : If Client does not pay charges when due, Virtuoso will charge a late fee of 10% on the amounts outstanding but in no

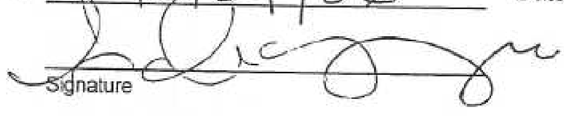
event greater than the rate permitted by law. If Client disputes any part of an invoice, Client is required to pay all amounts not disputed by the due date.

Withholding services : Virtuoso may withhold services (including for the avoidance of doubt, denying Client access to their office(s)) while there are any outstanding charges and interest or Client is in breach of the agreement.

Subordination : This agreement is subordinate to an Overlease with Virtuoso's landlord and to any other agreements to which the lease with our landlord is subordinate.

By signing this Agreement Client confirms that they have read and understand this agreement. Both parties agree to comply with all terms and obligations. Note that the agreement does not come to an end automatically. See "Ending Client's Agreement" under "Terms of Service".

Client		Virtuoso Offices	
Name	Adrian Vazquez	Name	Cheryl Diaz
Title	President	Title	Center Manager
Date	10/24/06	Date	10/24/06


Signature

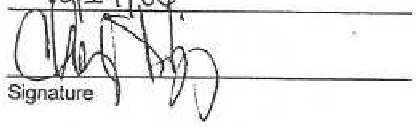

Signature

Exhibit 10.3

BOARD OF DIRECTORS AGREEMENT

This Board of Directors Agreement ("Agreement") made as of October 27, 2008 by and between Apollo Medical Holdings, Inc., with its principal place of business at 1010 N. Central Avenue, Suite 201, Glendale, California 91202 ("ApolloMed") and Suresh Nihalani, with an address of 7352 Zaharias Court, Moorpark, CA- 93021, (the "Director") provides for director services, according to the following terms and conditions:

I. Services Provided

ApolloMed agrees to engage the Director to serve as a member of the Board of Directors of ApolloMed and to provide those services required of a director under ApolloMed's Certificate of Incorporation and Bylaws, as both may be amended from time, to time ("Articles and Bylaws") and under the General Corporation Law of Delaware, the federal securities laws and other state and federal laws and regulations, as applicable.

II. Nature of Relationship

The Director is an independent contractor and will not be deemed an employee of ApolloMed for purposes of employee benefits, income tax withholding, F.I.C.A. taxes, unemployment benefits or otherwise. The Director shall not enter into any agreement or incur any obligations on ApolloMed's behalf.

ApolloMed will supply, at no cost to the Director: periodic briefings on the business, director packages for each board and committee meeting, copies of minutes of meetings and any other materials that are required under ApolloMed's Articles and Bylaws or the charter of any committee of the board on which the Director serves and any other materials which may, by mutual agreement, be necessary for performing the services requested under this Agreement.

III. Director's Warranties

The Director warrants that no other party has exclusive rights to his services in the specific areas in which AppoloMed is conducting business and that the Director is in no way compromising any rights or trust between any other party and the Director or creating a conflict of interest as a result of his participation on the Board of Directors of ApolloMed. The Director also warrants that so long as the Director serves on the board of the directors of ApolloMed, the Director will not enter into another agreement that will create a conflict of interest with this Agreement. The Director further warrants that he will comply with all applicable state and federal laws and regulations, as applicable, including Sections 10 and 16 of the Securities and Exchange Act of 1934.

Throughout the term of this Agreement, the Director agrees he will not, without obtaining ApolloMed's prior written consent, directly or indirectly engage or prepare to engage in any activity in competition with any ApolloMed business or product, including products in the development stage, accept employment or provide services to (including service as a member of a board of directors), or establish a business in competition with ApolloMed.

IV. Compensation

A. Cash Fee

During the term of this Agreement, ApolloMed shall pay the Director a nonrefundable fee of $1,000 per board of director meeting in consideration for the Director providing the services described in Section I which shall compensate him for all time spent preparing for, travelling to (if applicable) and attending board of director meetings; provided, however, that if any board meetings or duties require out-of-town travel time, such additional travel time may be billed at the rate set forth in subparagraph C of Section IV below. This cash fee may be revised by action of ApolloMed's Board of Directors from time to time. Such revision shall be effective as of the date specified in the resolution for payments not yet earned and need not be documented by an amendment to this Agreement.

B. Equity Compensation

Issuance of Shares. Upon the execution and delivery of this Agreement, ApolloMed shall issue to the Director (or designee of the Director) a restricted stock award of 400,000 shares of ApolloMed's common stock (collectively, the "Shares"). The purchase price for the Shares will be $0.0001 per Share. Pursuant to the request of the Director, all of the Shares shall be issued in the name of "The Shining Star Family Trust" and the Shares that have not been released from Escrow (as defined herein below) may not be sold, pledged, hypothecated or otherwise transferred to any other person. All certificates representing the Shares shall bear a legend regarding the fact that the Shares are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and none of the Shares may be sold, pledged, hypothecated or otherwise transferred without compliance with Federal and applicable state securities laws.

Escrow of Shares . Certificates evidencing all Shares shall be placed in escrow maintained at all times by the Company ("Escrow"). Provided this Agreement has not been previously terminated, on the last day of each month during the term of this Agreement, 1/36 th of the total number of Shares shall be promptly released from Escrow by ApolloMed to the Director. If the Agreement is terminated prior to the end of any calendar month during the term of this Agreement, for any reason or for no reason, and regardless of the party who initiated the termination, the Director shall receive a pro-rata number of Shares for that calendar month based upon the actual number of days elapsed prior to the date of termination. Except as set forth in the immediately preceding sentence, upon the termination of this Agreement, for any reason or for no reason, and regardless of the party who initiated the termination, no additional Shares shall be released from Escrow. Unless otherwise agreed to by ApolloMed and the Director in writing, if this Agreement remains in effect for more than 36 months, no additional shares shall be issued to the Director hereunder. Notwithstanding anything contained herein to the contrary, the Shares shall be issued and released from Escrow only in full compliance with Federal and all applicable state securities laws and the Director shall cooperate with all requests of ApolloMed in order to comply with all such laws as may be reasonably requested by the Company or its counsel. The Shares do not carry registration rights and the Director has no right to compel the registration of any of the Shares, either before or after they are released from Escrow. Additionally, the Director covenants and agrees to be bound by all standard policies and guidelines applicable to the other directors and executive officers of ApolloMed with respect to transaction in the Shares, including without limitation the terms and conditions of any insider trading policy, code of ethics, corporate governance guidelines, or similar policies, codes and guidelines adopted by the Board of Directors of ApolloMed from time to time.

Repurchase Obligation . Upon the termination of this Agreement, for any reason or for no reason, and regardless of the party who initiated the termination, any Shares which AppoloMed is not yet obligated to released from Escrow ("Repurchased Shares") shall be repurchased by the Company at a price of $0.0001 per Repurchased Share (the "Repurchase Per Share Price"). ApolloMed shall remit its check to the Director within 10 business days following such termination in the full amount of the Repurchase Per Share Price multiplied by the number of Repurchased Shares. For example, if there were 100,000 Shares remaining in Escrow upon the termination of this Agreement, ApolloMed would repurchase the 100,000 Shares by remitting its check to the Director in the amount of 100,000 x $0.0001 = $10.00.

C. Additional Payments

To the extent services described in Section I require out-of-town trips, such additional travel time may be charged at the rate of $1,200 per day or pro rated portion thereof. This rate may be revised by action of ApolloMed's Board of Directors from time to time for payments not yet earned. Such revision shall be effective as of the date specified in the resolution and need not be documented by an amendment to this Agreement.

D. Payment

Cash fees shall be made quarterly in cash in advance on the first day of each accounting quarter. Additional payments shall be made in arrears. No invoices need be submitted by the Director for payment of the cash fee. Invoices for additional payments under subparagraph C of Section IV, above, shall be submitted by the Director. Such invoices must be approved by ApolloMed's Chief Executive Officer as to form and completeness.

E. Expenses

ApolloMed will reimburse the Director for reasonable expenses approved in advance, such approval not to be unreasonably withheld. Invoices for expenses, with receipts attached, shall be submitted. Such invoices must be approved by ApolloMed's Chief Executive Officer as to form and completeness.

V. Indemnification and Insurance

ApolloMed will execute an indemnification agreement in favor of the Director substantially in the form of the agreement attached hereto as Exhibit B (the "Indemnification Agreement"). In addition, so long as ApolloMed's indemnification obligations exist under the Indemnification Agreement, ApolloMed shall provide the Director with directors and officers liability insurance coverage in the amounts specified in the Indemnification Agreement.

VI. Term of Agreement

This Agreement shall be in effect from the date hereof through the last date of the Director's current term as a member of ApolloMed's Board of Directors. This Agreement shall be automatically renewed on the date of the Director's reelection as a member of ApolloMed's Board of Director's for the period of such new term unless the Board of Directors determines not to renew this Agreement. Any amendment to this Agreement must be approved by a written action of ApolloMed's Board of Directors. Amendments to Section IV Compensation hereof do not require the Director's consent to be effective.

VII. Termination

This Agreement shall automatically terminate upon the death of the Director or upon his resignation or removal from, or failure to win election or reelection to, the ApolloMed Board of Directors. This Agreement may be terminated at any time, with or without cause, by either ApolloMed or the Director.

In the event of any termination of this Agreement, the Director agrees to return or destroy any materials transferred to the Director under this Agreement except as may be necessary to fulfill any outstanding obligations hereunder. The Director agrees that ApolloMed has the right of injunctive relief to enforce this provision.

ApolloMed's and the Director's continuing obligations hereunder in the event of such termination shall be subject to the terms of Section XIV hereof.

VIII. Limitation of Liability

Under no circumstances shall ApolloMed be liable to the Director for any consequential damages claimed by any other party as a result of representations made by the Director with respect to ApolloMed which are materially different from any to those made in writing by ApolloMed.

Furthermore, except for the maintenance of confidentiality, neither party shall be liable to the other for delay in any performance, or for failure to render any performance under this Agreement when such delay or failure is caused by Government regulations (whether or not valid), fire, strike, differences with workmen, illness of employees, flood, accident, or any other cause or causes beyond reasonable control of such delinquent party.

IX. Confidentiality

The Director agrees to sign and abide by ApolloMed's Director Proprietary Information and Inventions Agreement, a copy of which is attached hereto as Exhibit A.

X. Resolution of Dispute

Any dispute regarding the agreement (including without limitation its validity, interpretation, performance, enforcement, termination and damages) shall be determined in accordance with the laws of the State of California, the United States of America. Any action under this paragraph shall not preclude any party hereto from seeking injunctive or other legal relief to which each party may be entitled.

XI. Sole Agreement

This Agreement (including agreements executed in substantially in the form of the exhibits attached hereto) supersedes all prior or contemporaneous written or oral understandings or agreements, and may not be added to, modified, or waived, in whole or in part, except by a writing signed by the party against whom such addition, modification or waiver is sought to be asserted.

XII. Assignment

This Agreement and all of the provisions hereof shall be binding upon and insure to the benefit of the parties hereto and their respective successors and permitted assigns and, except as otherwise expressly provided herein, neither this Agreement, nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto without the prior written consent of the other party.

XIII. Notices

Any and all notices, requests and other communications required or permitted hereunder shall be in writing, registered mail or by facsimile, to each of the parties at the addresses set forth above or the numbers set forth below:
The Director:

ApolloMed: 1010 N. Central Avenue, Suite 201
Glendale, CA 91202

Any such notice shall be deemed given when received and notice given by registered mail shall be considered to have been given on the tenth (10th) day after having been sent in the manner provided for above.

XIV. Survival of Obligations

Notwithstanding the expiration of termination of this Agreement, neither party hereto shall be released hereunder from any liability or obligation to the other which has already accrued as of the time of such expiration or termination (including, without limitation, ApolloMed's obligation to make any fees and expense payments required pursuant to Section IV and/or AppoloMed's indemnification and insurance obligations set forth in Section V hereof) or which thereafter might accrue in respect of any act or omission of such party prior to such expiration or termination.

XV. Attorneys' Fees

If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of a dispute, breach or default in connection with any of the provisions hereof, the successful or prevailing party (including a party successful or prevailing in defense) shall be entitled to recover its actual attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled .

XV. Severability

Any provision of this Agreement which is determined to be invalid or unenforceable shall not affect the remainder of this Agreement, which shall remain in effect as though the invalid or unenforceable provision had not been included herein, unless the removal of the invalid or unenforceable provision would substantially defeat the intent, purpose or spirit of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

Director:	Apollo Medical Holdings, Inc.
Signature: /s/ Suresh Nihalani	Signature: /s/ Warren Hosseinion
Print Name: Suresh Nihalani	Print Name: Warren Hosseinion, M.D.
	Title: Chief Executive Officer

EXHIBIT A

BOARD OF DIRECTORS PROPRIETARY INFORMATION AGREEMENT

THIS BOARD OF DIRECTORS PROPRIETARY INFORMATION AGREEMENT ("Agreement") is made and entered into this 27th day of October, 2008 by and between **APOLLO MEDICAL MANAGEMENT, INC** ., a Delaware corporation ("ApolloMed"), and **Suresh Nihalani** (the "Director").

RECITALS

WHEREAS, the Director has been elected to serve on the Board of Directors of ApolloMed;

WHEREAS, the parties desire to assure the confidential status of the information which may be disclosed by ApolloMed to the Director in connection with the Director serving on ApolloMed's Board of Directors;

NOW THEREFORE, in reliance upon and in consideration of the following undertaking, the parties agree as follows:

AGREEMENT

1. Subject to the limitations set forth in Paragraph 2, all information disclosed by ApolloMed to the Director shall be deemed to be "Proprietary Information". In particular, Proprietary Information shall be deemed to include any information, process, technique, algorithm, program, design, drawing, formula or test data relating to any research project, work in process, future development, engineering, manufacturing, marketing, servicing, financing or personnel matter relating to ApolloMed, its present or future products, sales, suppliers, customers, employees, investors, or business, whether or oral, written, graphic or electronic form.

2. The term "Proprietary Information" shall not be deemed to include the following information: (i) information which is now, or hereafter becomes, through no breach of this Agreement on the part of the Director, generally known or available to the public; (ii) is known by the Director at the time of receiving such information; (iii) is hereafter furnished to the Director by a third party, as a matter of right and without restriction on disclosure; or (iv) is the subject of a written permission to disclose provided by ApolloMed.

3. The Director shall maintain in trust and confidence and not disclose to any third party or use for any unauthorized purpose any Proprietary Information received from ApolloMed. The Director may use such Proprietary Information only to the extent required to accomplish the purposes of his position as a Director of ApolloMed. The Director shall not use Proprietary Information for any purpose or in any manner which would constitute a violation of any laws or regulations, including without limitation the export control laws of the United States. No other rights of licenses to trademarks, inventions, copyrights, or patents are implied or granted under this Agreement.

4. Proprietary Information supplied shall not be reproduced in any form except as required to accomplish the intent of this Agreement.

5. The Director represents and warrants that he shall protect the Proprietary Information received with at least the same degree of care used to protect his own Proprietary Information from unauthorized use or disclosure.

6. All Proprietary Information (including all copies thereof) shall remain in the property of ApolloMed, and shall be returned to ApolloMed (or destroyed) after the Director's need for it has expired, or upon request of ApolloMed, and in any event, upon the termination of that certain Board of Directors Agreement, of even date herewith, between ApolloMed and the Director (the "Director Agreement").

7. Notwithstanding any other provision of this Agreement, disclosure of Proprietary Information shall not be precluded if such disclosure:

(a) is in response to a valid order of a court or other governmental body of the United States or any political subdivision thereof; provided, however, that the Director shall first have given ApolloMed notice of the Director's receipt of such order and ApolloMed shall have had an opportunity to obtain a protective order requiring that the Proprietary Information so disclosed be used only for the purpose for which the order was issued;

(b) is otherwise required by law; or

(c) is otherwise necessary to establish rights or enforce obligations under this Agreement, but only to the extent that any such disclosure is necessary.

8. Subject to the terms of this Paragraph, this Agreement shall continue in full force and effect during the term of the Director Agreement. This Agreement may be terminated at any time upon thirty (30) days written notice to the other party. The termination of this Agreement shall not relieve the Director of the obligations imposed by Paragraphs 3, 4, 5 and 11 of this Agreement with respect to Proprietary information disclosed prior to the effective date of such termination and the provisions of these Paragraphs shall survive the termination of this Agreement for a period of eighteen (18) months from the date of such termination.

9. This Agreement shall be governed by the laws of the State of California as those laws are applied to contracts entered into and to be performed entirely in California by California residents.

10. This Agreement contains the final, complete and exclusive agreement of the parties relative to the subject matter hereof and may not be changed, modified, amended or supplemented except by a written instrument signed by both parties.

11. Each party hereby acknowledges and agrees that in the event of any breach of this Agreement by the Director, including, without limitation, an actual or threatened disclosure of Proprietary Information without the prior express written consent of ApolloMed, ApolloMed will suffer an irreparable injury, such that no remedy at law will afford it adequate protection against, or appropriate compensation for, such injury. Accordingly, each party hereby agrees that ApolloMed shall be entitled to specific performance of the Director's obligations under this Agreement, as well as such further injunctive relief as may be granted by a court of competent jurisdiction.

Director:

Signature: /s/ Suresh Nihalani

Print Name: Suresh Nihalani

Apollo Medical Management, Inc.

Signature: /s/ Warren Hosseinion

Print Name: Warren Hosseinion, M.D.

Title: Chief Executive Officer

EXHIBIT B

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT (this “Agreement”) dated as of October 27, 2008, by and among APOLLO MEDICAL MANAGEMENT, INC., a Delaware corporation (the “Company”) and the indemnitees listed on the signature pages hereto (individually, as “Indemnitee” and, collectively, the “Indemnitees”).

RECITALS

A. The Company and Indemnitees recognize the continued difficulty in obtaining liability insurance for its directors, officers, employees, stockholders, controlling persons, agents and fiduciaries, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance.

B. The Company and Indemnitees further recognize the substantial increase in corporate litigation in general, which subjects directors, officers, employees, controlling persons, stockholders, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited.

C. The Indemnitees do not regard the current protection available as adequate under the present circumstances, and Indemnitees and other directors, officers, employees, stockholders, controlling persons, agents and fiduciaries of the Company may not be willing to serve in such capacities without additional protection.

D. The Company (i) desires to attract and retain highly qualified individuals and entities, such as Indemnitees, to serve the Company and, in part, in order to induce each Indemnitee to be involved with the Company and (ii) wishes to provide for the indemnification and advancing of expenses to each Indemnitee to the maximum extent permitted by law.

E. In view of the considerations set forth above, the Company desires that each Indemnitee be indemnified by the Company as set forth herein.

NOW, THEREFORE, the Company and each Indemnitee hereby agree as follows:

1. Indemnification

a. Indemnification of Expenses. The Company shall indemnify and hold harmless each Indemnitee (including its respective directors, officers, partners, former partners, members, former members, employees, agents and spouse, as applicable) and each person who controls any of them or who may be liable within the meaning of Section 15 of the Securities Act of 1933, as amended (the "Securities Act"), or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the fullest extent permitted by law if such Indemnitee was or is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any hearing, inquiry or investigation that such Indemnitee believes might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, investigative or other (hereinafter a "Claim") by reason of (or arising in part or in whole out of) any event or occurrence related to the fact that Indemnitee is or was or may be deemed a director, officer, stockholder, employee, controlling person, agent or fiduciary of the Company, or any subsidiary of the Company, or is or was or may be deemed to be serving at the request of the Company as a director, officer, stockholder, employee, controlling person, agent or fiduciary of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, or by reason of any action or inaction on the part of such Indemnitee while serving in such capacity including, without limitation, any and all losses, claims, damages, expenses and liabilities, joint or several (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit, proceeding or any claim asserted) under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise or which relate directly or indirectly to the registration, purchase, sale or ownership of any securities of the Company or to any fiduciary obligation owed with respect thereto or as a direct or indirect result of any Claim made by any stockholder of the Company against an Indemnitee and arising out of or related to any round of financing of the Company (including but not limited to Claims regarding non-participation, or non-pro rata participation, in such round by such stockholder), or made by a third party against an Indemnitee based on any misstatement or omission of a material fact by the Company in violation of any duty of disclosure imposed on the Company by federal or state securities or common laws (hereinafter an "Indemnification Event") against any and all expenses (including attorneys' fees and all other costs, expenses and obligations incurred in connection with investigating, defending a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in, any such action, suit, proceeding, alternative dispute resolution mechanism, hearing, inquiry or investigation), judgments, fines, penalties and amounts paid in settlement (if, and only if, such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) of such Claim and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement (collectively, hereinafter "Expenses"), including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses. Such payment of Expenses shall be made by the Company as soon as practicable but in any event no later than ten (10) days after written demand by the Indemnitee therefor is presented to the Company.

b. Reviewing Party. Notwithstanding the foregoing, (i) the obligations of the Company under Section 1(a) shall be subject to the condition that the Reviewing Party (as described in Section 10(e) hereof) shall not have determined (in a written opinion, in any case in which the Independent Legal Counsel referred to in Section 1(e) hereof is involved) that Indemnitee would not be permitted to be indemnified under applicable law, and (ii) each Indemnitee acknowledges and agrees that the obligation of the Company to make an advance payment of Expenses to Indemnitee pursuant to Section 2(a) (an "Expense Advance") shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's obligation to reimburse the Company for any Expense Advance shall be unsecured and no interest shall be charged thereon. If there has not been a Change in Control (as defined in Section 10(c) hereof), the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control), the Reviewing Party shall be the Independent Legal Counsel referred to in Section 1(e) hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

c. Contribution. If the indemnification provided for in Section 1(a) above for any reason is held by a court of competent jurisdiction to be unavailable to an Indemnitee in respect of any losses, claims, damages, expenses or liabilities referred to therein, then the Company, in lieu of indemnifying such Indemnitee thereunder, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Indemnitee, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Indemnitee in connection with the action or inaction which resulted in such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. In connection with the registration of the Company's securities, the relative benefits received by the Company and the Indemnitee shall be deemed to be in the same respective proportions that the net proceeds from the offering (before deducting expenses) received by the Company and the Indemnitee, in each case as set forth in the table on the cover page of the applicable prospectus, bear to the aggregate public offering price of the securities so offered. The relative fault of the Company and the Indemnitee shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Indemnitee agree that it would not be just and equitable if contribution pursuant to this Section 1(c) were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. In connection with the registration of the Company's securities, in no event shall Indemnitee be required to contribute any amount under this Section 1(c) in excess of the lesser of (i) that proportion of the total of such losses, claims, damages or liabilities indemnified against equal to the proportion of the total securities sold under such registration statement which is being sold by such Indemnitee or (ii) the proceeds received by such Indemnitee from its sale of securities under such registration statement. No person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation.

d. Survival Regardless of Investigation. The indemnification and contribution provided for in this Section 1 will remain in full force and effect regardless of any investigation made by or on behalf of the Indemnitee or any officer, director, employee, agent or controlling person of the Indemnitee.

e. Change in Control. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's Board of Directors who were directors immediately prior to such Change in Control) then, with respect to all matters thereafter arising concerning the rights of Indemnitee to payments of Expenses under this Agreement or any other agreement or under the Company's Certificate of Incorporation, as amended (the "Certificate"), or Bylaws as now or hereafter in effect, Independent Legal Counsel (as defined in Section 10(d) hereof) shall be selected by the Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to abide by such opinion and to pay the reasonable fees of the Independent Legal Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

f. Mandatory Payment of Expenses. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in the defense of any action, suit, proceeding, inquiry or investigation referred to in Section 1(a) hereof or in the defense of any claim, issue or matter therein, each Indemnitee shall be indemnified against all Expenses incurred by such Indemnitee in connection herewith.

2. Expenses; Indemnification Procedure.

a. Advancement of Expenses . The Company shall advance all Expenses incurred by Indemnitee. The advances to be made hereunder shall be paid by the Company to Indemnitee as soon as practicable but in any event no later than fifteen (15) days after written demand by such Indemnitee therefor to the Company.

b. Notice/Cooperation by Indemnitee . Indemnitee shall give the Company notice as soon as practicable of any Claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to the Chief Executive Officer of the Company at the address shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee).

c. No Presumptions; Burden of Proof . For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

d. Notice to Insurers . If, at the time of the receipt by the Company of a notice of a Claim pursuant to Section 2(b) hereof, the Company has liability insurance in effect which may cover such Claim, the Company shall give prompt written notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in each of the policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such action, suit, proceeding, inquiry or investigation in accordance with the terms of such policies.

e. Selection of Counsel . In the event the Company shall be obligated hereunder to pay the Expenses of any Claim, the Company shall be entitled to assume the defense of such Claim, with counsel reasonably approved by the applicable Indemnitee, upon the delivery to such Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to such Indemnitee under this Agreement for any fees of counsel subsequently incurred by such Indemnitee with respect to the same Claim; provided that, (i) the Indemnitee shall have the right to employ such Indemnitee's counsel in any such Claim at the Indemnitee's expense; (ii) the Indemnitee shall have the right to employ its own counsel in connection with any such proceeding, at the expense of the Company, if such counsel serves in a review, observer, advice and counseling capacity and does not otherwise materially control or participate in the defense of such proceeding; and (iii) if (A) the employment of counsel by the Indemnitee has been previously authorized by the Company, (B) such Indemnitee shall have reasonably concluded that there is a conflict of interest between the Company and such Indemnitee in the conduct of any such defense, or (C) the Company shall not continue to retain such counsel to defend such Claim, then the fees and expenses of the Indemnitee's counsel shall be at the expense of the Company.

3. Additional Indemnification Rights; Nonexclusivity.

a. Scope . The Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, even if such indemnification is not specifically authorized by the other provisions of this Agreement or any other agreement, the Certificate, the Company's Bylaws or by statute. In the event of any change after the date of this Agreement in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its Board of Directors or an officer, stockholder, employee, controlling person, agent or fiduciary, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its Board of Directors or an officer, employee, agent or fiduciary, such change, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder except as set forth in Section 8(a) hereof.

b. Nonexclusivity . Notwithstanding anything in this Agreement, the indemnification provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Certificate, the Company's Bylaws, any agreement, any vote of stockholders or disinterested directors, the laws of the State of Delaware, or otherwise. Notwithstanding anything in this Agreement, the indemnification provided under this Agreement shall continue as to each Indemnitee for any action such Indemnitee took or did not take while serving in an indemnified capacity even though the Indemnitee may have ceased to serve in such capacity and such indemnification shall inure to the benefit of each Indemnitee from and after Indemnitee's first day of service as a director with the Company or affiliation with a director from and after the date such director commences services as a director with the Company.

4. No Duplication of Payments . The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against any Indemnitee to the extent such Indemnitee has otherwise actually received payment (under any insurance policy, Certificate, Bylaws or otherwise) of the amounts otherwise indemnifiable hereunder.

5. Partial Indemnification . If any Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for any portion of Expenses incurred in connection with any Claim, but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses to which such Indemnitee is entitled.

6. Mutual Acknowledgement . The Company and each Indemnitee acknowledge that in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors, officers, employees, controlling persons, agents or fiduciaries under this Agreement or otherwise.

7. Liability Insurance . During any period of time any Indemnitee is entitled to indemnification rights under this Agreement, the Company shall maintain liability insurance applicable to directors, officers, employees, control persons, agents or fiduciaries, each Indemnitee shall be covered by such policies in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if such Indemnitee is a director, or of the Company's officers, if such Indemnitee is not a director of the Company but is an officer; or of the Company's key employees, controlling persons, agents or fiduciaries, if such Indemnitee is not an officer or director but is a key employee, agent, control person, or fiduciary. Said liability insurance shall provide coverage amounts of no less than those specified in Schedule A attached hereto and be held with an insurance carrier which is the Board of Directors of the Company believes is of financial sound condition.

8. Exceptions .. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

a. Claims Under Section 16(b). To indemnify any Indemnitee for expenses and the payment of profits arising from the purchase and sale by such Indemnitee of securities in violation of Section 16(b) of the Exchange Act or any similar successor statute;

b. Unlawful Indemnification. To indemnify an Indemnitee if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful;

c. Fraud. To indemnify an Indemnitee if a final decision by a court having jurisdiction in the matter shall determine that the Indemnitee has committed fraud on the Company; or

d. Insurance. To indemnify any Indemnitee for which payment is actually and fully made to Indemnitee under a valid and collectible insurance policy.

9. Period of Limitations . No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against any Indemnitee, any Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of five (5) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five (5) year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

10. Construction of Certain Phrases.

a. For purposes of this Agreement, references to the "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees, agents or fiduciaries, so that if Indemnitee is or was or may be deemed a director, officer, employee, agent, control person, or fiduciary of such constituent corporation, or is or was or may be deemed to be serving at the request of such constituent corporation as a director, officer, employee, control person, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, each Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as each Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

b. For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on any Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or its beneficiaries; and if any Indemnitee acted in good faith and in a manner such Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, such Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

c. For purposes of this Agreement a "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, (A) who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding Voting Securities, increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such person, or (B) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Exchange Act), directly or indirectly, of securities of the Company representing more than 30% of the total voting power represented by the Company's then outstanding Voting Securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new director whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least two-thirds (2/3) of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

d. For purposes of this Agreement, "Independent Legal Counsel" shall mean an attorney or firm of attorneys, selected in accordance with the provisions of Section 1(e) hereof, who shall not have otherwise performed services for the Company or any Indemnitee within the last three (3) years (other than with respect to matters concerning the right of any Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

e. For purposes of this Agreement, a "Reviewing Party" shall mean any appropriate person or body consisting of a member or members of the Company's Board of Directors or any other person or body appointed by the Board of Directors who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

f. For purposes of this Agreement, "Voting Securities" shall mean any securities of the Company that vote generally in the election of directors.

11. Counterparts . This Agreement may be executed in one or more counterparts, each of which shall constitute an original.

12. Binding Effect; Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to each Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect with respect to Claims relating to Indemnifiable Events regardless of whether any Indemnitee continues to serve as a director, officer, employee, agent, controlling person, or fiduciary of the Company or of any other enterprise, including subsidiaries of the Company, at the Company's request.

13. Attorneys' Fees . In the event that any action is instituted by an Indemnitee under this Agreement or under any liability insurance policies maintained by the Company to enforce or interpret any of the terms hereof or thereof, any Indemnitee shall be entitled to be paid all Expenses incurred by such Indemnitee with respect to such action if such Indemnitee is ultimately successful in such action. In the event of an action instituted by or in the name of the Company under this Agreement to enforce or interpret any of the terms of this Agreement, the Indemnitee shall be entitled to be paid Expenses incurred by such Indemnitee in defense of such action (including costs and expenses incurred with respect to Indemnitee counterclaims and cross-claims made in such action), and shall be entitled to the advancement of Expenses with respect to such action, in each case only to the extent that such Indemnitee is ultimately successful in such action.

14. Notice . All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid, or (d) one day after the business day of delivery by facsimile transmission, if deliverable by facsimile transmission, with copy by first class mail, postage prepaid, and shall be addressed if to Indemnitee, at each Indemnitee's address as set forth beneath the Indemnitee's signature to this Agreement and if to the Company at the address of its principal corporate offices (attention: Secretary) or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.

15. Severability . The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Furthermore, to the fullest extent possible, the provisions of this Agreement (including, without limitations, each portion of this Agreement containing any provision held to be invalid, void or otherwise unenforceable, that is not itself invalid, void or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

16. Choice of Law . This Agreement shall be governed by and its provisions construed and enforced in accordance with the laws of the State of Delaware, as applied to contracts between Delaware residents, entered into and to be performed entirely within the State of Delaware, without regard to the conflict of laws principles thereof.

17. Subrogation . In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

18. Amendment and Termination . No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by the parties to be bound thereby. Notice of same shall be provided to all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

19. Corporate Authority . The Board of Directors of the Company and its stockholders in accordance with Delaware law have approved the terms of this Agreement.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

APOLLO MEDICAL MANAGEMENT, INC.,
a Delaware corporation

By: /S/ Warren Hosseinion, M.D.

"Indemnitees"

/S/ Adrian Vasquez, M.D.

Schedule A

The Company agrees to have a minimum directors and officers insurance policy of $2 million.

Exhibit 10.4

MANAGEMENT SERVICES AGREEMENT

This Management Agreement ("Agreement") is made and entered into as of this 20th day of March, 2009, by and between Apollo Medical Management, Inc., a Delaware corporation ("Manager"), and ApolloMed Hospitalists, a California medical corporation ("Group").

Recitals:

A. Manager is a Delaware corporation engaged in the business of managing physician practices to enhance the quality and efficiency of the medical practices it manages.

B. Group is a California medical corporation that provides hospitalist services to inpatients at hospitals staffed by Group.

C. Group desires retain Manager to provide assistance to Group in managing and administering all non-medical aspects of Group's medical practice in a manner and to the extent permitted by law.

D. Group and Manager recognize that Group has sole responsibility for providing medical services to Group's patients, and Manager shall provide assistance to Group in managing and administering all non-medical functions of Group's medical practice.

THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Management Services . During the term of this Agreement, Group engages Manager to assist Group in providing the following management and administrative services required by Group for the operation of the Practice:

(a) Business Matters . Supervising and coordinating all day-to-day, non-medical business aspects of Group's Practice.

(b) Supplies and Equipment . Ordering and purchasing, after consultation with Group, all medical and office supplies and equipment required by Group in connection with the operation of Group's practice. All such supplies shall be of a quality acceptable to Group.

(c) Bookkeeping . Providing all bookkeeping and accounting services, including, without limitation, maintenance, custody and supervision of Group's business records, papers and documents, ledgers, journals and reports, and the preparation, distribution and recording of all bills and statements for professional services rendered by Group in the course of Group's Practice.

(d) Management & Clinical Information Systems. Upon request and in consultation with Group, the planning, negotiation with third party vendors, selection, installation and operation of appropriate hardware and software (including but not limited to the Apollo Web database technology) to provide Group with management and clinical information systems support. All clinical and financial data pertaining to Group's practice shall be regularly backed up on electronic media, with additional hard copy back up when in the judgment of Manager, after consultation with Group, it is prudent to do so, and copies of such back up data in both electronic media and hard copy shall be provided to Group from time to time upon request of Group. Upon termination of this Agreement for any reason, all such data and back up data shall be promptly delivered to Group to ensure continuity of Group's financial and clinical operations. All such services shall comply, as appropriate, with the Health Insurance Portability and Accountability Act of 1996, and the regulations promulgated thereto ("HIPAA").

(e) Billing & Collection. Subject to Section 3(d) below, providing all billing and collection services for Group's medical practice. All billings shall be accurate and in accord with appropriate and up-to-date payor coding requirements. Manager shall diligently pursue collections of Group and shall follow up billings in a timely fashion to ensure that payments are received to the greatest extent possible in a commercially reasonable time, and that aged accounts receivable are maintained within commercially reasonable limits, for medical practices similar to that of Group.

(i) Attorney-In-Fact; Assignment and Limitations. In performing its billing and collection duties hereunder, Manager shall act as Group's agent and shall indicate it is billing in the name of Group. Group hereby appoints Manager, for the term hereof, as its true and lawful attorney-in-fact, with full power of assignment and substitution, to bill patients or third party payors on Group's behalf; collect accounts receivable arising out of billings, and receive payments on behalf of Group. Notwithstanding the foregoing, no assignment shall be made to Manager of any sums or rights to payment, the assignment of which is prohibited by law (e.g., revenues from patients covered by the Medicare program). In lieu of assignment of such payments, unless otherwise prohibited by law, Group shall remit to Manager the amount of any such sums within five (5) business days of Group's receipt thereof. Group and Manager shall cooperate in the establishment of a separate account or accounts to track all such amounts. In connection with its billing activities, Manager may take possession of, and endorse in the name of Group, any and all notes, drafts and other instruments received by way of payment. Manager shall assist Group in negotiating or otherwise communicating with any patient or third party payor regarding claims processing and any disputes arising therefrom.

(ii) Bank Accounts. Manager is hereby granted a general power of attorney with respect to the bank accounts of Group and shall have full access to and signatory rights, with Group, over such bank accounts. Manager shall have full power and authority to deposit funds into, and withdraw funds from, all such accounts in accordance with the terms of this Agreement; provided, however, that Group may impose such limitations upon Manager's signatory rights over such accounts as Group shall determine from time to time, in Group's sole discretion. Manager shall have full authority to receive and transact on behalf of Group all cash, checks, drafts, notes and other instruments tendered as payment for professional services rendered by Group, except as may be precluded by law.

(f) UR/QA . Assisting Group in the establishment and implementation of a program or programs of utilization review and quality assurance for the activities of Group, and in the formulation and implementation of related policies, procedures and protocols including, but not limited to both a monitoring function and the development and implementation of performance parameters, evidence based medicine protocols, and outcomes measurements

(g) Insurance . Negotiating and securing appropriate insurance coverage on behalf of Group and in connection with Group's Practice, after consultation with Group, including coverage for malpractice, comprehensive general liability, fire and premises liability, worker's compensation, business interruption, and such other coverage as may be agreed from time to time between Manager and Group.

(h) Worker's Compensation, Etc . Preparing and filing all forms, reports, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, social security, and other similar laws now in effect or hereafter imposed.

(i) Premises . Managing the proper maintenance and physical operation of Group's medical practice premises ("Premises"). Group's medical office lease(s) are listed on Exhibit A, which is attached hereto and made a part hereof.

(j) Clerical Support . Providing reception, secretarial, human resources, transcription and clerical personnel and services, including management of the maintenance of medical records. All Manager personnel shall be acceptable to Group in its reasonable discretion and shall be appropriately trained and supervised for the duties assigned to them in connection with Group's practice.

(k) Advertising . Marketing of physician services to hospitals, and otherwise coordinating advertising, marketing and similar activities conducted on behalf of Group, after consultation with Group.

(l) Capital . Consulting with Group regarding capital and financial needs, including seeking capital, undertaking the efforts to raise, and providing access to, capital for any lawful purpose, including without limitation working capital, acquiring other physician practices and acquiring other business assets of the practice.

(m) Contracting . Manager shall assist Group in setting the parameters under which Group will enter into, and in negotiating, contractual relations with hospitals and third party payors.

(n) Other Services. Providing such other services as may be agreed between the parties from time to time which may include, but not be limited to, Physician recruitment services, contracting services (with hospitals and payors), physicians scheduling, Payroll services for the physicians (as well as management company personnel), Case management for patients

2. Performance of Manager's Services.

(a) Manager's Availability. Manager shall devote its best efforts to carrying out the terms of this Agreement and shall devote sufficient time and resources, as determined by Manager after consultation with Group, as is reasonably required to discharge its duties under this Agreement.

(b) Manager's Authority. Manager shall perform all additional and ancillary services, not otherwise described in this Agreement, that may in Manager's judgment, after consultation with Group, be reasonable and appropriate in order to meet Manager's obligations under this Agreement. Manager may subcontract with other persons or entities, including entities related to Manager by common ownership or control, to perform all or any part of the services required of Manager by this Agreement. For purposes of this Agreement, Manager shall have signatory rights on all bank accounts used by Group in the conduct of Group's Practice, and Manager shall have the right to make deposits to and payments from such accounts as it deems appropriate in furtherance of its obligations hereunder, in accordance with Paragraph 1(e)(ii) (Bank Accounts).

(c) Manager's Responsibility. In all matters under this Agreement, Manager shall abide by all applicable state and federal laws and regulations, and applicable policies and procedures of Group.

(d) Reports to Group. On or before the twenty-fifth (25th) day of the first month of each calendar quarter, Manager shall provide Group with an accounting of all billings and collections on behalf of Group, and all deposits to the account(s) of Group and payments from the account(s) of Group, effected by Manager for the benefit of Group during the immediately preceding calendar quarter. All reports shall be in such form as may be agreed between Manager and Group from time to time.

3. Obligations of Group.

(a) Designation of Agent. Group hereby designates and appoints Manager to act as Group's non-physician manager and to provide the services to Group in connection with Group's Practice as described in this Agreement. Group hereby designates Warren Hosseinion, M.D. as its designated representative who is duly authorized by the Group to bind the Group and act on behalf of the Group in all respects pertaining to this Agreement.

(b) Access to Information. Group acknowledges and agrees that all information and records concerning Group and Group's performance of services that may be obtained by Manager during the term of this Agreement may be used by Manager for all purposes necessary or convenient to Manager's obligations under this Agreement.

(c) Selection of Group Personnel. Group shall retain responsibility for the selection, hiring and termination of physicians, allied health professionals and medical assistants working in clinical capacities for the Group. Group, in consultation with Manager, shall be solely responsible for determining the compensation of all licensed medical professionals.

(d) Coding and Billing Procedures. Group shall retain responsibility for decisions relating to coding and billing procedure for patient care services.

4. Confidentiality.

(a) Trade Secrets. All proceedings, files, records and related information of Group and of Manager are confidential and proprietary information of Group and Manager, respectively, and each party shall keep and maintain as strictly confidential all such information to which it may have access by virtue of this Agreement. Neither party shall voluntarily disclose all or any part of such confidential information, orally or in writing, except as expressly required by law or pursuant to a written authorization from the other party. Each party shall include the provisions of this Paragraph in any written contract with any employed or contracted persons that may be engaged by such party to render services pursuant to this Agreement, and shall take such other steps as may be reasonable under the circumstances to ensure that its respective personnel do not disclose any confidential information in violation of this provision. This covenant shall survive the termination of this Agreement. Each party agrees that upon termination of this Agreement for any reason, it shall promptly return to the other party the originals and all copies of any and all trade secrets, confidential or proprietary information, it may then possess, including without limitation any such information stored on computer media.

(b) Medical Information & Patient Records. Each party shall maintain the confidentiality of all patient records, charts and other patient identifying information, and shall comply with all applicable State and Federal laws governing the confidentiality of medical records and related information. Manager will serve as a "Business Associate" (as that term is defined under HIPAA) of Group, Accordingly, and in compliance with the requirements HIPAA, Manager shall, prior to the commencement of services hereunder, enter into a mutually acceptable form of Business Associate Agreement.

(c) Intellectual Property Rights . Group utilizes a proprietary database technology called ApolloWeb to enhance the quality and efficiency of the medical practices it manages. ("ApolloWeb"). From time to time, Group may provide Manager with software programs and related documentation, or improvements and upgrades thereto, to facilitate its use of ApolloWeb ("System-Related Software"). Group hereby grants Manager a nonexclusive, royalty-free license to reproduce, install and use on equipment owned or controlled by Group, and solely for Group's own purposes (which may be business or non-commercial, as applicable), any such System-Related Software only in the form it was provided or made available to Manager by Group, and only in connection with Manager's use of the ApolloWeb in accordance with this Agreement. Manager will not distribute, sublicense, modify, create derivative works of, sell, transfer or assign the System-Related Software, nor will Manager reverse engineer, decompile or disassemble any object code of System-Related Software except to the extent permitted by applicable law notwithstanding this restriction. Manager further agrees not to remove or destroy any proprietary markings or confidential legends placed upon or contained within any System-Related Software.

Group and its licensors reserve all right, title and interest in the ApolloWeb and System-Related Software, including all intellectual property rights therein (including without limitation all copyrights, patents, trade secrets, trademarks, service marks and trade names) subject to the licenses expressly set forth in this Agreement. This Agreement does not include any sale or transfer to Manager of Group intellectual property rights, including without limitation with respect to ApolloWeb or any System-Related Software.

Manager acknowledges that the content, data and other materials made available by Group are owned or licensed by Group (the "Third Party Materials"). Manager will not reproduce, distribute, modify, create derivative works of, or exercise any other rights in, such third party materials except as authorized by Group.

5. Independent Contractors.

In the performance of services under this Agreement, it is mutually understood and agreed that Manager is at all times acting and performing as an independent contractor rendering administrative services to Group. Neither party shall have any claim against the other under this Agreement or otherwise for Workers' Compensation, unemployment compensation, vacation pay, sick leave, retirement benefits, Social Security benefits, disability insurance benefits, unemployment insurance benefits, or any other benefits.

6. Staffing of Manager and Group.

(a) Non-physician Personnel . Manager shall be responsible for the payment to all persons employed or retained by Manager of all compensation, including reasonable base salary, fringe benefits, bonuses, health and disability insurance, workers' compensation insurance and any other benefits that Manager may make available to its employees or contractors.

(b) Licensed Professional Personnel . Group shall employ or contract with all physicians and other licensed professional personnel that Group, after consultation with Manager, deems to be required for the conduct of the Practice. All such personnel shall be employees or contractors of Group, and Group shall be responsible for the payment to all such persons of all compensation, including reasonable base salary, fringe benefits, bonuses, health and disability insurance, workers' compensation insurance and any other benefits which Group may make available to Group's employees or contractors; provided, however, that Manager shall have management responsibility over the non-medical aspects associated with Group's employment or contracting of such personnel.

7. Term and Termination.

(a) Term . This Agreement shall commence on August 1, 2008 and shall continue in full force and effect for a term of twenty (20) years (the "Term") until terminated as provided in this Agreement.

(b) No Termination without Cause . This Agreement may be terminated only for cause as specified in Subparagraph (c) below.

(c) Termination For Cause . This Agreement may be terminated by either party for cause, upon sixty (60) days prior written notice to the other party specifying the cause upon which such termination is based. For purposes of this Agreement, "cause" shall have the meanings set forth below. Notwithstanding the foregoing, neither party may terminate this Agreement if, during the foregoing sixty (60) day period, the party to whom notice has been given successfully cures the failure or breach of performance upon which termination is based; provided, however, that if such failure or breach cannot be cured within the sixty (60) day period, termination shall not occur if the party to whom notice has been given takes material action during such sixty (60) day period to cure the failure or breach and thereafter diligently and continuously prosecutes such cure to completion.

(d) By Group . Cause for termination by Group shall be limited to the following: (i) failure of any representation or warranty made by Manager in this Agreement to be true at the date of this Agreement and to remain true throughout the Term hereof, which failure has a material adverse effect upon Group; (ii) material failure by Manager to duly observe and perform the covenants and agreements undertaken by Manager herein; (iii) misrepresentation of material fact, or fraud, by Manager in the discharge of its obligations under this Agreement; (iv) if Manager shall dissolve, shall be adjudicated insolvent or bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to or authorize the filing of a voluntary petition in bankruptcy, which petition shall remain undismissed for a period of sixty (60) days, or the filing against Manager of any proceeding in involuntary bankruptcy, which proceeding shall remain undismissed for a period of sixty (60) days.

(e) By Manager. Cause for termination by Manager shall be limited to the following: (i) failure of any representation or warranty made by Group in this Agreement to be true at the date of this Agreement and to remain true throughout the Term hereof, which failure has a material adverse effect upon Manager; (ii) material failure by Group to duly observe and perform all the covenants and agreements undertaken by Group herein; (iii) misrepresentation of material fact, or fraud, by Group in the discharge of Group's obligations under this Agreement; or (iv) if Group shall be adjudicated insolvent or bankrupt, or shall make a general assignment for the benefit of creditors, or shall consent to or authorize the filing of a voluntary petition in bankruptcy, which petition shall remain undismissed for a period of sixty (60) days, or the filing against Group of any proceeding in involuntary bankruptcy, which proceeding shall remain undismissed for a period of sixty (60) days.

(f) Effect of Termination. Termination of this Agreement shall not discharge either party from any obligation which may have arisen and which remains to be performed upon the date of termination, including, but not limited to, the obligation to compensate Manager in accordance with Section 8 (Management Fee). Upon termination of this Agreement, Manager shall promptly deliver to Group all clinical and financial data maintained by Manager for Group's benefit. Manager shall make diligent efforts to collect receivables arising from services of Group prior to the date of termination and shall remit to Group in a timely fashion the allocable portion of all such collections. Similarly, following termination, all receivables that Group may directly collect arising from services of Group prior to the date of termination shall be allocated as provided herein, and Group shall remit to Manager in a timely fashion the allocable portion of Group's collections of the same.

8. Management Fee.

(a) In consideration of the management services to be rendered by Manager hereunder, Group shall pay Manager, each month, a percentage of Group's gross revenue that Group receives for the performance of medical services by Group. This percentage will be amended or modified each month, according to medical practice budgets agreed between Manager and Group.

(b) On or before the twentieth (20th) day of the month following each month, Manager may deduct and pay to itself, from any account(s) of Group managed by Manager, all amounts due and owing to Manager as management fees for the immediately preceding month.

9. Rights of Entry and Inspection.

(a) By Manager. Manager and its duly authorized representatives shall have the right at all reasonable times to enter upon Group's Premises for the purposes of carrying out the duties of Manager hereunder, and for inspection and verification of Group's books and records pertaining to Group's Practice; provided, however, that any such entry by Manager shall not unreasonably interfere with the conduct of Group's Practice.

(b) By Group. Group and its duly authorized representatives shall have the right at all reasonable times to enter upon Manager's premises for the purposes of carrying out the duties of Group hereunder, and for inspection and verification of Manager's books and records pertaining to Group's Practice; provided, however, that any such entry by Group shall not unreasonably interfere with the conduct of Manager's business.

10. Group's Representations and Warranties.

(a) Properly Constituted. Group is a professional corporation, duly organized, existing in good standing under the laws of the State of California, has the corporate power and authority to own its property and to carry on Group's business as it is now being conducted, and to enter into and perform Group's obligations under this Agreement.

(b) No Conflicts. The execution, delivery and performance of this Agreement will not contravene or conflict with any agreements, indentures or contracts to which Group is a party or by which it is bound.

(c) Licenses and Permits. Group has in full force and effect all licenses, permits and certificates required to operate Group's Practice as it is being operated as of the date of this Agreement. Group shall promptly notify Manager should any of Group's shareholders become ineligible to practice medicine in the State of California. Group shall not permit any persons who have become ineligible to practice medicine in California to retain shares of Group beyond such time periods as may be permitted by law.

(d) Consents. Group has taken all appropriate corporate action and has obtained all necessary approvals and consents that are necessary or convenient to enable Group to enter into this Agreement.

11. Manager's Representations and Warranties.

(a) Properly Constituted. Manager is a corporation duly organized, existing and in good standing under the laws of the State of Delaware, has the corporate power and authority to own its property and to carry on its business as it is now being conducted, and to enter into and perform its obligations under this Agreement.

(b) No Conflicts. The execution, delivery and performance of this Agreement will not contravene or conflict with any agreements, indentures or contracts to which Manager is a party or by which it is bound.

(c) Licenses and Permits . Manager has in full force and effect all licenses, permits and certificates required to operate its business as it is being operated as of the date of this Agreement.

(d) Consents . Manager has taken all appropriate corporate action and has obtained all necessary approvals and consents that are necessary or convenient to enable Manager to enter into this Agreement.

12. Insurance and Indemnity.

(a) Professional Liability . Group shall at all times during the term of the Agreement procure and maintain, and cause all licensed health care personnel associated with Group's medical practice to similarly procure and maintain, professional liability insurance with minimum coverage limits of One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) annual aggregate, and in such form and substance, and underwritten by such recognized companies, authorized to do business in California, as Manager may from time to time reasonably require, and shall provide copies of all such policies and renewals thereof to Manager upon request.

(b) Indemnity . To the extent permissible under each party's respective policies of insurance, each party shall indemnify and hold harmless the other party, and its shareholders, directors, officers, employees and agents, from and against all damages, costs, expenses, liabilities, claims, demands, and judgments of whatever kind or nature, including reasonable attorneys' fees and costs, for which either party might liable, in whole or in part, arising out of or related to the acts and/or omissions of the indemnifying party and its shareholders, directors, officers employees and agents.

13. General Provisions.

(a) Assignment . Neither party shall assign any of its rights nor delegate any of its duties or obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, Manager may assign this Agreement to a successor in interest by providing notice to Group, which notice shall state the effective date of such assignment. Upon such assignment, the successor shall be responsible for the duties and responsibilities of Manager hereunder. Nothing contained in this Agreement shall be construed to prevent the Manager from selling or conveying substantially all of its assets used in connection with the performance of this Agreement, nor shall Group be prohibited from selling or conveying substantially all of its assets provided that the Agreement continues in full force and effect.

(b) Access to Books and Records . Manager shall make available, upon request, to the Secretary of Health and Human Services and the Comptroller General of the United States, or their authorized representatives, this Agreement, and all books, documents and records relating to the nature and extent of the costs of services provided hereunder for a period of five (5) years after the furnishing of services pursuant hereto. In addition, if Manager's services under this Agreement are to be provided by subcontract and if that subcontract has a value or cost of Ten Thousand Dollars ($10,000.00) or more over a twelve-month period, Manager shall require in writing that the subcontractor make available to the Secretary and the Comptroller General, or their authorized representatives, for a period of five (5) years after the furnishing of such services, the subcontract and all books, documents and records relating to the nature and extent of the costs of the services provided thereunder.

(c) Amendments . This Agreement may be amended at any time by mutual agreement of the parties without additional consideration, provided that before any amendment shall become effective, it shall be reduced to writing and signed by the parties. Notwithstanding the foregoing, should any provision of this Agreement be in conflict with a governing State or federal law, it shall be deemed amended accordingly.

(d) Notices . Notices required under this Agreement shall be deemed given (i) at the time of personal delivery upon the party to be served; or (ii) twenty four (24) hours following deposit for overnight delivery with a bonded courier holding itself out to the public as providing such service, or following deposit in the U.S. Mail, Express Mail for overnight delivery; or (iii) forty eight (48) hours following deposit in the U.S. Mail, registered or certified mail; and in any case postage prepaid and addressed as follows, or to such other addresses as either party may from time to time designate to the other:

To Group: ApolloMed Hospitalists

P.O. Box 4555
Glendale, CA 91222

To Manager: Apollo Medical Management, Inc.

1010 N. Central Ave.
Glendale, CA 91201

(e) Entire Agreement . This Agreement, including all Attachments, is the entire Agreement between the parties regarding the subject matter hereof, and supersedes all other and prior agreements, whether oral or written.

(f) Successors and Assigns . This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their permitted successors and assigns.

(g) Waiver of Provisions . No waiver of any terms or conditions hereof shall be valid unless given in writing, and signed by the party giving such waiver. A waiver of any term or condition hereof shall not be construed as a future or continuing waiver of the same or any other term or condition hereof.

(h) Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California without regard to conflicts of law.

(i) Severability. The provisions of this Agreement shall be deemed severable, and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

(j) Attorneys' Fees. In the event that any action, including mediation or arbitration, is brought by either party arising out of or in connection with this Agreement, the prevailing party in such action shall be entitled to recover its costs of suit, including reasonable attorneys' fees.

(k) Captions. Any captions to or headings of the articles, sections, subsections, paragraphs, or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of any provision hereof.

(l) Cumulation of Remedies. The various rights, options, elections, powers, and remedies of the respective parties hereto granted by this Agreement are in addition to any others to which the parties may be entitled to by law, shall be construed as cumulative, and no one of them is exclusive of any of the others, or of any right of priority allowed by law.

(m) No Third Party Rights. The parties do not intend the benefits of this Agreement to inure to any third person not a signatory hereto; and accordingly, this Agreement shall not be construed to create any right, claim or cause of action against either party by any person or entity not a party hereto.

(n) Construction of Agreement. The parties agree that each party and its counsel have participated in the review and revision of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

(o) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Apollo Medical Management, Inc.
("MANAGER"):

By: /s/ Warren Hosseinion

Its: Chief Executive Officer

Apollo Med Hospitalists, a Medical Corporation
("GROUP"):

By: /s/ Warren Hosseinion

Its: Chief Executive Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into and effective as of the 4 day of September, 2008 by and between APOLLO MEDICAL MANAGEMENT, INC. and Jilbert Issai, M.D. ("Employee").

1. Employment, Duties and Acceptance

1.1 Employee is hereby employed for the Term (as defined in Section 2 hereof) to render services as Vice President of Business Development of Apollo Medical Management, Inc. and its affiliates (collectively, "Company"). Except for illness and permitted time off, and other than any employment or other responsibilities Employee may have with Apollo Medical Associates, Inc. ("AMA") or an affiliate of AMA, which employment and responsibilities are expressly permitted, during the Term of this Agreement Employee shall: (i) devote his full time, energy, skill and attention during normal business hours to the business of Company; (ii) use his best efforts to promote the interests of Company; and (iii) discharge such duties as may be reasonably assigned to him by the Chief Executive Officer, President or other senior officers of Company. Employee may also be asked to serve, without additional compensation, as a director of Company or as a director or officer of an affiliate of Company. Employee shall report to the President and Chief Executive Officer of Company. The Employee acknowledges and agrees that, as an employee and officer of the Company he shall be acting as and in the capacity of a fiduciary of the Company and the Group in the performance of his duties hereunder.

1.2 Employee hereby accepts such employment and agrees to render such services. Employee agrees to render such services at Company's offices located in the Southern California area, but Employee will travel on temporary trips to such other place or places as may be required from time to time to perform his duties hereunder. During the Term hereof, Employee will not render any services to any supplier or significant customer of Company, except with the prior approval of Company.

2. Term of Employment

2.1 The term of Employee's employment pursuant to this Agreement (the "Term") shall begin on the date hereof (the "Effective Date"), and shall continue thereafter for successive one year periods unless terminated by either party giving written notice at least 90 days prior to the end of the then-current one year period, subject to the provisions of Section 4 of this Agreement providing for an earlier termination of Employee's employment in certain circumstances.

3. Compensation

3.1 As compensation for all services to be rendered pursuant to this Agreement to or at the request of Company, Company agrees to pay Employee a salary at the rate of $1.00 per annum (the "Base Salary"). The Base Salary is subject to review and modification from time to time, in the sole discretion of Company. The Base Salary shall be payable in accordance with the regular payroll practices of the Company for executives. All payments hereunder shall be subject to the provisions of Section 4.

3.2 Company shall pay or reimburse Employee for all necessary and reasonable expenses incurred or paid by Employee in connection with the performance of services under this Agreement upon presentation of expense statements or vouchers or such other supporting information as it from time to time requests evidencing the nature of such expense, and, if appropriate, the payment thereof by Employee, and otherwise in accordance with Company procedures from time to time in effect.

3.3 During the Term, Employee shall be entitled to the same benefits as those provided to Company employees generally, but Company shall be under no obligation to provide any specific benefits to Employee.

3.4 Employee understands and agrees that he will not be entitled to vacation time under this Agreement.

3.5 At such time as Company shall adopt, and its shareholders shall approve the adoption of, a stock option or similar plan, Employee shall be entitled to receive an initial grant of options to purchase an aggregate 300,000 shares of the common stock of Company, at an exercise price of $0.10 per share (the "Options"). To the maximum extent permitted by then current law, the Options shall be granted as incentive stock options, shall vest in two equal annual installments commencing on the first anniversary of the date of grant and shall be subject to such other terms and conditions as shall be imposed on other grants of incentive stock options to other executive employees of Company generally.

4. Termination

4.1 The Term of this Agreement shall terminate, and Employee's employment under this Agreement shall cease, effective upon the earliest to occur of: (i) a termination pursuant to Section 2.1 above; (i) the termination of Employee by Company; or (iii) Employee voluntarily terminates his employment (the "Termination Date"). Except as otherwise provided in this Section 5 and except for Sections 6 through 10 hereof (which shall survive the Termination Date), upon the Termination Date all rights and obligations of the parties under this Agreement shall immediately and automatically terminate and be of no further force or effect.

5. Severance Payment Upon Termination. In the event that Employee's employment is terminated, the following provisions hereby apply:

5.1 Termination for Cause or Termination by Employee. In the event that

Employee's employment is terminated for Cause (as defined below in Section 5.5) or by Employee other than in the event of Constructive Termination Without Cause (as defined below in Section 5.6), Company shall pay Employee the sum of the following items that were earned and accrued but unpaid as of the Termination Date: (i) Base Salary; (ii) reimbursement for any unpaid business expenses; and (iii) such other benefits and payments to which Employee may be entitled by law or pursuant to the benefit plans of the Company then in effect.

5.2 Disability. Company may terminate the Term if Employee is unable substantially to perform his duties and responsibilities hereunder to the full extent required by Company by reason of illness, injury or incapacity for two consecutive months, or for more than three months in the aggregate during any period of 12 calendar months. In the event of such termination, Company shall pay Employee his Base Salary through the Termination Date. In addition to all other payments pursuant to Section 5.1, Employee shall be entitled to the following: (i) continued participation for the remaining Term in those benefit coverages in which Employee was participating on the Termination Date which, by their terms, permit a former employee to participate; and (ii) any other benefits in accordance with applicable plans and programs of the Company then in effect. In such event, the Company shall have no further liability or obligation to Employee for compensation under this Agreement except as otherwise specifically provided in this Agreement. Employee agrees, in the event of a dispute under this Section 5.2 regarding his status as having a disability, to submit to a physical examination by a licensed physician selected by Company. Company agrees that Employee shall have the right to have his personal physician present at any examination conducted by the physician selected by Company.

5.3 Death. The Term shall terminate in the event of Employee's death. In such event, Company shall pay to Employee's executors, legal representatives or administrators, as applicable, Employee's Base Salary through the Termination Date. In addition to all other payments pursuant to Section 5.1, Employee's estate shall be entitled to: (i) any other benefits in accordance with applicable plans and programs of the Company then in effect. Company shall have no further liability or obligation under this Agreement to Employee's executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through Employee except as otherwise specifically provided in this Agreement.

5.4 Any Other Termination By Company. In addition to the payments provided for in Section 5.1, in the event that Company terminates Employee's employment other than for Cause (as defined below in Section 5.5), Company will pay Employee twelve (12) months of severance pay (calculated at Employee's then current Base Salary rate). The severance shall be paid in equal installments over the severance period (calculated in accordance with the two previous sentences) in accordance with Company's usual payroll schedule (together, the "Severance Package").

5.5 Cause Definition. For purposes hereof the term "Cause" shall mean (A) any material breach by Employee of any provision of this Agreement, which breach is not cured, if such breach is able to be cured, by Employee within 15 business days after

receiving written notice of such breach; (B) following the determination of the Board or the senior officers of Company, in good faith, that Employee has engaged in reckless conduct, fraud, intentional misconduct or intentional misappropriation of Company assets; (C) conviction of, or entering a plea of *nolo contendere* by, Employee to a charge of a felony or a misdemeanor involving moral turpitude; (D) any act or omission by Employee involving malfeasance, misfeasance, nonfeasance, gross negligence or recklessness in connection with the performance of Employee's duties; (E) any willful or intentional act having the effect of injuring the reputation, business, business relationships of Company or its affiliates; or (F) repeated failure by Employee to follow the lawful written (including e-mail) instructions of the Chief Executive Officer or President of Company and/or the Board.

5.6 Constructive Termination Without Cause. For purposes hereof "Constructive Termination Without Cause" shall mean a termination of Employee's employment at Employee's initiative following the occurrence, without Employee's written consent, of one or more of the following events:

5.6.1 a reduction in Employee's then current Base Salary; or

5.6.2 a material diminution in Employee's duties, title, responsibilities, and authority as provided in Section 1.1. In the event of a Constructive Termination Without Cause, Employee shall be entitled to receive the Severance Package in addition to the payments provided for in Section 5.1.

6. Nonsolicitation

6.1 During the period from the Effective Date through the second (2nd) anniversary of the Termination Date (the "Subject Period" (provided, however, that the Subject Period shall be automatically extended an additional six (6) months for each one (1) year period that Employee is employed by the Company), Employee shall not, directly or indirectly on behalf of any business, firm, corporation, partnership, person, proprietorship or other entity, incorporated or otherwise, and shall use his best efforts to cause each business, firm, corporation, partnership, person, proprietorship and other entity with which he is or shall become associated in any capacity not to, (i) solicit for employment, employ or otherwise engage any person who is then, or who was at any time prior to the date of such individual's separation from Company, employed or engaged (as an employee, consultant, sales representative or otherwise) in any position by Company, or (ii) except in connection with the performance of his duties hereunder and in accordance herewith, solicit, interfere with, endeavor to entice away from Company or communicate with regarding the business of Company any individual or entity which is a customer, supplier or client of Company at any time or from time to time during the Subject Period. Employee acknowledges and agrees in connection with the foregoing that the identities of Company's employees, customers, suppliers and clients and other information gained during his period of employment with Company with respect thereto is Confidential Information (as more fully defined in paragraph (b) below) of Company.

7. Confidentiality

7.1 During the Subject Period and at all times thereafter, Employee agrees and acknowledges that the Confidential Information (as defined below) of Company is valuable, special and unique to its business; that such business depends on such Confidential Information; and that Company wishes to protect such Confidential Information by keeping it confidential for the exclusive use and benefit of Company. Employee further acknowledges that any use by him of the Confidential Information other than in strict accordance with the terms of this Agreement would be wrongful and would cause the Company and the Group irreparable injury. Based upon the foregoing, with respect to such Confidential Information, Employee agrees:

7.1.1 to keep any and all Confidential Information in trust for the sole use and benefit of Company;

7.1.2 except as required by applicable law, regulation or court order or as required in furtherance of the business of Company in accordance with the terms hereof, not to use or disclose or reproduce, directly or indirectly, any Confidential Information of Company;

7.1.3 to take all reasonably appropriate steps in the context of Company's systems and activities to ensure that all Confidential Information is kept confidential for the sole use and benefit of Company, including such specific steps as are reasonably requested by the Board or the senior officers of Company; and

7.1.4 in the event Employee's employment with Company terminates for any reason whatsoever or at any time that Company may in writing request, to deliver promptly to Company all materials constituting Confidential Information (including all written, graphic, facsimile, encoded or recorded copies or duplicates thereof or notes regarding the same) of Company that are in his possession or under his control without making or retaining any written graphic, facsimile, encoded or recorded copy or extract from such materials.

7.2 For purposes of this Agreement, "Confidential Information" means any and all information developed by or for or possessed by Company that is (A) not generally known in any industry in which Company does business as of the date hereof or during the Term or (B) not known to Employee prior to his involvement with Company (including for this purpose information that is publicly available because of a breach by Employee of the provisions hereof). Confidential Information includes, but is not limited to, the information identified in Section 7.1 above (including, without limitation, personnel records and applications, employment and other employee agreements, medical records, employee appraisals, reviews and evaluations, general wage and salary rates and individual salaries and bonuses and plans and records relating thereto, numbers of employees in departments and divisions, employee benefit plans and incentive plans), and any and all other information developed by or for or possessed by Company

concerning information technology, marketing and sales methods, concepts, materials, products, processes, procedures, formulae, innovations, discoveries, improvements, inventions, protocols, computer programs, records, data, know-how, techniques, designs, research and development projects, data, business forms, strategies, plans for development of products, services or expansion into new areas or markets, internal operations, product price lists, forecasts, projections, financial information (including the revenues, costs or profits associated with the products and services of the Company) and any other trade secrets and proprietary information of any type owned by or pertaining to Company, together with all written, graphic, facsimile, encoded, recorded and other materials relating to all or any part of the same.

7.3 In furtherance of the foregoing and as a further inducement for being employed by Company under this Agreement, Employee agrees to execute a confidentiality and assignment of inventions agreement if requested by Company.

8. Compliance With Laws

8.1 In performing his duties hereunder, Employee agrees to comply with all applicable governmental laws, rules and regulations and all applicable policies and procedures of Company in written form or not reduced to writing if known to Employee.

9. Notices

9.1 All notices, requests, consents and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by prepaid telegram, or mailed first-class, postage prepaid, as follows: .

If to Company:	Apollo Medical Management, Inc. P.O. Box 4555 Glendale, CA 91222
If to Employee:	Jilbert Issai, M.D. 10050 La Canada Way Sunland, CA 91040

or as such other addresses as either party may specify by written notice to the other as provided in this Section 9.1.

10. General

10.1 It is acknowledged that the rights of Company under this Agreement are of a special, unique, and intellectual character which gives them a peculiar value, and that a breach of any provision of this Agreement (particularly, but not limited to, the provisions

of Sections 6 and 7 hereof), will cause Company irreparable injury and damage which cannot be reasonably or adequately compensated in damages in an action at law. Accordingly, without limiting any right or remedy which Company may have in the premises, Employee specifically agrees that Company shall be entitled to seek injunctive relief to enforce and protect its rights under this Agreement.

10.2 This Agreement sets forth the entire agreement and understanding of the parties hereto, and supersedes all prior agreements, arrangements, and understandings. Nothing herein contained shall be construed so as to require the commission of any act contrary to law and wherever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation, the latter shall prevail, but in such event the provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within legal requirements. Without limiting the generality of the foregoing, in the event that any compensation or other monies payable hereunder shall be in excess of the amount permitted by any such statute, law, ordinance, or regulation, payment of the maximum amount allowed thereby shall constitute full compliance by Company with the payment requirements of this Agreement.

10.3 No representation, promise, or inducement has been made by either party that is not embodied in this Agreement, and neither party shall be bound by or liable for any alleged representation, promise, or inducement not so set forth. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

10.4 The provisions of this Agreement shall inure to the benefit of the parties hereto, their heirs, legal representatives, successors, and assigns. This Agreement, and Employee's rights and obligations hereunder, may not be assigned by Employee. Company may assign its rights, together with its obligations, hereunder in connection with any sale, transfer or other disposition of all or substantially all of its business and assets. Company may also assign this Agreement to any affiliate of Company; provided, however, that no such assignment shall (unless Employee shall so agree in writing) release Company of liability directly to Employee for the due performance of all of the terms, covenants, and conditions of this Agreement to be complied with and performed by Company. The term "affiliate", as used in this agreement, shall mean any corporation, firm, partnership, or other entity controlling, controlled by or under common control with Company. The term "control" (including "controlling", "controlled by", and "under common control with"), as used in the preceding sentence, shall be deemed to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, firm, partnership, or other entity, whether through ownership of voting securities or by contract or otherwise.

10.5 This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms or covenants hereof may be waived, only by a written instrument executed by both of the parties hereto, or in the case of a waiver, by the party waiving compliance. The failure of either party at any time or times to require

performance of any provisions hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

10.6 This Agreement shall be governed by and construed according to the laws of the State of California applicable to agreements to be wholly performed therein without regard to conflict of laws principles.

10.7 During the Term and for period of 12 months thereafter, Employee shall not, whether on his own behalf or on behalf of any other individual or business entity, solicit, endeavor to entice away from Company, a Subsidiary or any affiliated company, or otherwise interfere with the relationship of Company, a Subsidiary or any affiliated company with any person who is, or was within the then most recent 12 month period, an employee or associate thereof.

10.8 To the extent permitted by applicable law, any controversy or dispute arising out of or relating to this Agreement, or any alleged breach hereof, shall be settled by arbitration in Los Angeles, California in accordance with the commercial rules of the American Arbitration Association then in existence (to the extent such rules are not inconsistent with the provisions of this Agreement), it being understood and agreed that the arbitration panel shall consist of three individuals acceptable to the parties hereto. In the event that the parties cannot agree on three arbitrators within 20 days following receipt by one party of a demand for arbitration from another party, then Company and Employee shall each designate one arbitrator and the two arbitrators selected shall select the third arbitrator. The arbitration panel so selected shall convene a hearing no later than 90 days following the selection of the panel. The arbitration award shall be final and binding upon the parties, and judgment may be entered thereon in the California Superior Court or in any other court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

APOLLO MEDICAL MANAGEMENT, INC. ("COMPANY")

By:

Its: Warren Hosseni CEO

"EMPLOYEE"

Jilhert Issai, M.D.

CONSULTING AGREEMENT

This Consulting Agreement (the "Agreement") is entered into effective as of the 15th day of March 2009 (the "Effective Date"), by and among Apollo Medical Management, Inc., a Delaware corporation (the "Company"); Kaneohe Advisors LLC, a California Limited Liability Company ("Kaneohe").

WITNESSETH:

WHEREAS, the Company is a medical management company focused on managing the provision of hospital-based medicine through its affiliated medical groups (the "Business"), which currently consist of ApolloMed Hospitalists and Apollo Medical Associates; and

WHEREAS, the Board of Directors of the Company (the "Board") desires to engage Kyle Francis ("Francis"), sole member of Kaneohe, as the Company's Executive Vice President, Business Development & Strategy and compensate him therefor; and

NOW, THEREFORE, in consideration of the mutual covenants hereinafter stated, it is agreed as follows:

1. SCOPE OF WORK. The Company hereby engages Kaneohe and Kaneohe hereby agrees to make available its services and the services of its sole member, Francis, on a part-time basis, to the Company upon the terms and conditions hereinafter set forth. The Company shall upon the signing a copy of this Agreement and agreeing to be bound by the terms hereof. At such time as the Company shall obtain directors and officers liability insurance, Kaneohe and Francis shall be covered by such insurance policy, which shall contain appropriate and customary limits. In connection with the performance of its responsibilities Francis, as sole member of Kaneohe, shall perform those functions generally associated with the position of a Business Development and Strategy during the term of this Agreement, including without limitation:

(a) Provide financial advisory and consulting services, including but not limited to mergers and acquisitions, equity financing, and debt financing

2. TERM. The term of this Agreement shall be for no specific period of time. As a result, either Kaneohe or the Company can terminate this Agreement at any time for any reason or for no reason, with or without cause, by giving written notice to the other party. The provisions of Sections 3(b), 3(c), 3(d), 4(c), 5(e), 5(f), 5(g), 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, and 18 shall survive the termination of this Agreement.

3. COMPENSATION. For all Services provided by Kaneohe:

(a) Cash Compensation. The Company shall pay Kaneohe Eight thousand dollars per month ($8,000) ("Cash Compensation"), $2,000 of the Cash Compensation to be paid on the 15th of each month (the "Monthly Payment"). The remaining $6,000 of the Cash Compensation shall

accrue each month on the Company's balance sheet ("Deferred Cash Compensation") and be paid to Kaneohe at such time that cash is available on the Company's balance sheet. For the avoidance of doubt, at such time the Company has cash on its balance sheet to pay any portion of the Deferred Cash Compensation accrued until that time, it shall make such payment immediately to Kaneohe. However, Kaneohe may agree that any such payment of Deferred Cash Compensation by the Company may be delayed for a reasonable period of time, to be determined at Kaneohe's sole discretion. Increases in the Monthly Payment to be paid and the corresponding decrease in the Deferred Cash Compensation to be accrued on a monthly basis may be made by the Chief Executive Officer at his reasonable discretion, provided that in no event shall the aggregate amount to be paid and accrued be less than the Cash Compensation amount.

(b) Equity Compensation. Upon the execution and delivery of this Agreement, the Company shall issue to Kaneohe a restricted stock award of 350,000 shares of the Company's common stock. An additional restricted stock award of 350,000 shares will be issued on the 1st and 2nd anniversary of this Agreement. If this Agreement is terminated prior to the end of 3 years, any additional restricted share awards will be adjusted on a pro rata basis for length of agreement. All certificates representing the Shares shall bear a legend substantially in the form provided in Section 5(f) herein below regarding the fact that the Shares are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and none of the Shares may be sold, pledged, hypothecated or otherwise transferred without compliance with Federal and applicable state securities laws.

(c) Escrow of Shares. Certificates evidencing all Shares shall be placed in escrow maintained at all times by the Company ("Escrow"). Notwithstanding anything contained herein to the contrary, the Shares shall be issued and released from Escrow only in full compliance with Federal and all applicable state securities laws and Kaneohe shall cooperate with all requests of the Company in order to comply with all such laws as may be requested by the Company or its counsel. The Shares do not carry registration rights and Kaneohe has no right to compel the registration of any of the Shares, either before or after they are released from Escrow. Additionally, Kaneohe, covenants and agrees to be bound by all standard policies and guidelines with respect to transaction in the Shares, including without limitation the terms and conditions of any insider trading policy, code of ethics, corporate governance guidelines, or similar policies, codes and guidelines adopted by the Board of Directors of the Company from time to time.

(d) Business Expense Reimbursement. The Company shall reimburse Kaneohe for reasonable travel and other expenses actually and properly incurred by Kaneohe in carrying out the obligations hereunder, provided that such expenses are approved by the Chief Executive Officer or President of the Company and are supported by proper receipts, invoices or vouchers supplied to Company within 30 days of the day any such expenses were incurred. Expenses to be incurred in an amount to exceed $500.00 shall require prior written approval of the Chief Executive Officer or President of the Company.

4. REPRESENTATIONS AND WARRANTIES. Kaneohe, for and on behalf of itself, and each represent, warrant and covenant to the Company that:

(a) It will devote sufficient business time, energy, interest, ability, and skill to the provision of the services to the Company provided for hereunder.

(b) It will not, for as long as such person is providing services to the Company hereunder, directly or indirectly, promote, participate, or engage in any business activity that is competitive with the Company's Business, including, without limitation, any involvement as a shareholder, director, officer, employee, partner, party to a joint venture, consultant, advisor, individual proprietor, lender, or agent of any business, without the prior written consent of the Company.

(c) During the term of this Agreement and for a period of one year after the termination of this Agreement, each such person will not solicit, attempt to solicit, or cause to be solicited any customers of the Company for purposes of promoting or selling products or services which are competitive with those of the Company, nor will such person solicit, attempt to solicit, or cause to be solicited any employees, agents, or other independent contractors of the Company to cease their relationship with the Company.

5. SPECIAL SECURITIES REPRESENTATIONS. As a material inducement to the Company to issue to Kaneohe the Shares, Kaneohe represents and warrants to the Company as follows:

(a) It has, by reason of his business and financial experience, such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type and that it is capable of (i) evaluating the merits and risks of an investment in the Shares and making an informed investment decision; (ii) protecting its own interest; and (iii) bearing the economic risk of such investment for an indefinite period of time.

(b) It is an "accredited purchaser" as that term is defined in Rule 501(a) of Regulation D of the Securities Act, a copy of which is attached hereto as Appendix A and incorporated herein by this reference.

(c) It is acquiring the Shares for investment for its own account, and not with a view toward distribution thereof, and with no present intention of dividing his interest with others or reselling or otherwise disposing of all or any portion of the Shares. It has not offered or sold a participation in the Shares and will not offer or sell any interest therein. It further acknowledges that it does not have in mind any sale of the Shares currently or after the passage of a fixed or determinable period of time or upon the occurrence or non-occurrence of any predetermined events or consequence; and that it has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for or which is likely to compel a disposition of the Shares and is not aware of any circumstances presently in existence that are likely in the future to prompt a disposition thereof.

(d) It acknowledges that the Shares have been offered to it in direct negotiation between the Company and Kaneohe and not through any advertisement of any kind or through any intermediary, finder or broker.

(e) It acknowledges that the Company has given it access to all information relating to the Company's business that it has requested. It acknowledges that it has sufficient knowledge, financial and business experience concerning the affairs and conditions of the Company so that it can make a reasoned decision as to this investment in the Company and is

capable of evaluating the merits and risks of this investment. Based on the foregoing, it hereby agrees to indemnify the Company and the officers, directors and employees thereof harmless against all liability, costs or expenses (including attorneys' fees) arising by reason of or in connection with any misrepresentation or any breach of his warranties in this Section 5, or arising as a result of its acquisition, sale or other distribution of the Shares in violation of federal and applicable state securities or other laws. The representations and warranties contained herein shall be binding upon Kaneohe's legal representatives, successors and assigns.

(f) It is aware of the restrictions of transferability of the Shares and further understands and acknowledges that any certificates evidencing the Shares will bear a legend substantially in the following form:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED FOR SALE UNDER ANY STATE SECURITIES LAWS (COLLECTIVELY, "SECURITIES LAWS") AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED FOR SALE UNDER ALL APPLICABLE SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER, IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, ANY SUCH OFFER, SALE OR OTHER TRANSFER IS EXEMPT FROM THE REGISTRATION OR QUALIFICATION REQUIREMENTS OF SUCH SECURITIES LAWS.

(g) It understands that the Shares may only be disposed of pursuant to either (i) an effective registration statement under the Securities Act, or (ii) an exemption from the registration requirements of the Securities Act. The Company has neither filed such a registration statement with the SEC or any state authorities nor agreed to do so.

6. INDEPENDENT CONTRACTOR. Kaneohe is an independent contractor Kaneohe has no right to serve as a consultant to the Company for any specific period of time. This Agreement may be terminated by either the Company or Kaneohe for any reason or for no reason at any time. Both the Company and Kaneohe may enter into a separate agreement for additional services provided by Kaneohe to the Company regarding a potential capital raise.

7. REMEDIES. Remedies at law shall be deemed to be inadequate for any breach of any of the covenants of this Agreement, and the Company shall be entitled to injunctive relief in addition to any other remedies it may have in the event of such breach.

8. TAXES. Kaneohe will be solely responsible for any and all income and other taxes that may be due to any state, local or federal governmental authorities in respect of any sums paid to it hereunder. Each such person acknowledges that the Company shall not make any withholdings from payments to it hereunder. Kaneohe shall indemnify, save and hold the Company harmless from and against all loss, cost or expense of any kind or nature in connection with its obligations pursuant to this Section 11.

9. NOTICES. Any notices required or permitted to be given in writing will be deemed received when personally delivered, delivered by email or delivered by facsimile

transmission or, if earlier, three (3) days after mailing by United States mail, postage prepaid. Notice to the Company is valid if sent to the Company's principal place of business and notice to Kaneohe is valid if sent to such person at the address in the Company's records. Each party may change its respective address only by notice given to the other parties in the manner set forth herein.

10. WAVIER OF BREACH. The waiver by a party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of this Agreement.

11. ASSIGNMENT. Neither party may sell, assign, transfer or otherwise convey any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other, except to a corporation which has substantially all the business and assets of the assignor and assumed in writing its obligations under this Agreement.

12. COMPLIANCE WITH LAW. During the term of this Agreement, Kaneohe shall comply with all laws and regulations applicable to Kaneohe in the conduct of its business. During the term of this Agreement, the Company shall comply with all laws and regulations applicable to the Company in the conduct of its business.

13. EQUITABLE RELIEF. It is agreed and understood that monetary damages would not adequately compensate an injured party for the breach of this Agreement by any other party, that this Agreement shall be specifically enforceable, and that any breach or threatened breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

14. ATTORNEYS' FEES. In the event that an action at law or in equity is brought to enforce the provisions of this Agreement or to prevent a breach thereof, the successful party in such action or arbitration proceedings shall be entitled to any award of attorneys' fees and other costs as shall be established by the court or pursuant to a binding arbitration.

15. APPLICABLE LAW. This Agreement shall be construed as a whole and in accordance with its fair meaning. This Agreement shall be interpreted in accordance with the laws of the State of California without regard to conflict of laws principles.

16. ENTIRE AGREEMENT; AMENDMENTS. This Agreement embodies the entire understanding among the parties and merges all prior discussions or communications among them, and no party shall be bound by any definitions, conditions, warranties, or representations other than as expressly stated in this Agreement or as subsequently set forth in writing, and signed by the duly authorized representative of all the parties hereto. This Agreement, when executed shall supersede and render null and void any and all preceding or written understandings and agreements. This Agreement may only be changed, modified, or amended in writing by mutual consent of the parties hereto.

17. CONFLICTS OF INTEREST The parties acknowledge that, in the course of Kaneohe's non-exclusive services, Kaneohe may now or in the future have certain potential or actual conflicts of interest. Without the Company's written consent, Kaneohe shall not engage in

any transaction with any medical management company focused on managing the provision of hospital-based medicine.

18. SEVERABILITY. In the event that any part of this Agreement shall be found to be unenforceable, all other parts of this Agreement shall remain in full force and effect.

19. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and may be validly executed by facsimile signature.

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

APOLLO MEDICAL MANAGEMENT, INC.
("Company")

By: Warren Hosseinion

Warren Hosseinion 3/19/09
Chief Executive Officer

Kaneohe Advisors LLC ("Kaneohe")

By: ____________________

Kyle Francis
Manager and Sole Member

Appendix A

DEFINITION OF "ACCREDITED INVESTOR"

An "accredited investor" is defined by Rule 501(a) of Regulation D as:

1. Any bank as defined in section 3(a)(2) of the Act whether acting in its individual or fiduciary capacity; insurance company as defined in section 2(13) of the Act; investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000;

2. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

3. Any organization described in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000;

4. Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds $1,000,000;

6. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years and who reasonably expects an income in excess of $200,000 in the current year or joint income with that person's spouse in excess of $300,000 in each of those years and who reasonably expects reaching the same income level in the current year; and

7. Any entity in which all of the equity owners are Accredited Investors under paragraph (a) (1), (2), (3), (4), (6), or (7) of Rule 501.

ApolloMed Hospitalists

A Medical Corporation

HOSPITALIST PARTICIPATION SERVICE AGREEMENT

This HOSPITALIST PARTICIPATION SERVICE AGREEMENT (“Agreement”) is made and entered into this 1st day of February, 2009 by and between ApolloMed Hospitalists, A Medical Corporation (Group), a California professional corporation located at P.O. Box 4555, Glendale, CA 91222 and Warren Hosseinion, a physician (Provider), having its principal place of business at 1420 S. Central Ave, Glendale, CA 91202.

RECITALS

WHEREAS, Group intends to enter into agreements with, but not limited to, Independent Physician Associations (IPA’s), private community physicians (Physicians) and contracted hospitals (Hospital(s)) for the provision of inpatient medical services to persons enrolled as Enrollees (Enrollees) of IPA’s or patients assigned to group as attending physician or consultant by Physician(s) or Hospital(s).

WHEREAS, Group and Provider desire to enter into a contract whereby Provider agrees to provide Covered Inpatient Intensive Medicine Services on behalf of Group to Enrollees of IPA’s or patients assigned to group as a locum tenens attending physician or consultant by, but not limited to, Hospital(s) and Physician(s) which contract with Group.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

RETENTION OF PROVIDER

1. Provider shall, at all times, be deemed an, employee. It is the express intention of the parties that Provider is an employee, agent, owner, joint venturer and partner of Group. Both parties acknowledge that Provider is an employee for any and all purposes, including state and federal tax withholdings and that: (1) Provider will not incur business expenses that are not reimbursed by the Group except as otherwise expressly stated in this Agreement, (3) Provider will exercise independent discretion in and control the performance of services that Provider renders pursuant to this Agreement, and (4) Group may supply Provider with the tools and instrumentalities used in the performance of such services at Group’s discretion. This Agreement is primarily to achieve the result of the service Provider will render, not the means by which the service will be accomplished.

2. Provider will devote high professional standards and very good effort and attention to the performance of services pursuant to this Agreement. Provider will use good judgment, adhere to high ethical standards, and avoid situations that create an actual or perceived conflict between Provider's interests and the interests of Group. While providing services to Group, Provider will respect Group's procedures and policies so as not to create unsafe situations, hinder Group's patient, employee or vendor relations, expose Group to undue risks or losses or cause dissension among the Group's employees.

3. Provider agrees to indemnify Group and all of its officers, directors, employees, shareholders, and agents and hold them all harmless for any injuries, damages, or losses (including reasonable attorney's fees and legal costs) to Provider or to Provider's agents or employees arising from or relating to this Agreement. Provider further agrees to indemnify Group, and all of its officers, directors, employees, shareholders and agents, free and hold them all harmless from and against any and all claims, demands, damages or liabilities (including reasonable attorney's fees and legal costs) of Group arising from or relating to the performance by Provider and Provider's agents and employees of Provider's obligations and duties pursuant to this Agreement.

ARTICLE I
SERVICES TO BE PERFORMED BY PROVIDER

Provider agrees to be available to provide and/or arrange coverage for Covered Inpatient Intensive Medicine Services to Enrollees of IPA's, or patients assigned to group as attending physician by Hospital(s) or Physician(s) on an as-needed basis. Said Covered Inpatient Intensive Medicine Services as referenced in Exhibit "A" shall be provided to Enrollees of each and every IPA which has (1) contracted with the Group and (2) has accepted Group to provide Covered Inpatient Intensive Medicine Services to its Enrollees and to patients assigned to Group as attending physician by Hospital(s) or Physician(s). Provider agrees to provide said Covered Inpatient Intensive Medicine Services at Group's Participating Hospitals as referenced in Exhibit "B". IPA's contracted with Group are listed in Exhibit "C."

ARTICLE II
REPRESENTATIONS

GROUP hereby warrants and represents that it is a California medical professional corporation that is in good standing with the California Secretary of State.

PROVIDER hereby warrants and represents that he or she is duly licensed to practice medicine in the State of California and is in good standing with the Medical Board of California. Provider further warrants and represents that he or she is currently either Board Certified or Board Eligible, and that for the duration of this Agreement shall remain in good standing with the Medical Board of California and with the medical staff of the Primary Hospital(s) with privileges in Inpatient Intensive Medicine.

ARTICLE III
COMPENSATION

Group shall compensate Provider for Covered Inpatient Intensive Medicine Services as referenced in Exhibit A at an annualized rate of four hundred fifteen thousand Dollars ($415,000.00) per year, where three hundred sixty thousand Dollars ($360,000.00) are payable as a taxable and direct salary in bimonthly installments and prorated on a daily basis for any portion of a month in which the terms of this Agreement do not apply or have been suspended by agreement of the Parties or terminated pursuant to the termination provisions of this Agreement and the remaining fifty five thousand Dollars ($55,000.00) as nontaxable benefits, paid either directly from Group or remitted to Group by Provider for costs incurred on a monthly basis, for the purpose of carrying out and performing duties related to employment with Group which include the following: (1) automobile expenses including (a) automobile lease (b) gasoline and (c) automobile repairs and maintenance, (2) meals, (3) travel expenses including (a) automobile rental (b) airline fees and (c) hotels, (4) communication expenses including (a) cellular phone and accessories and (b) cellular phone fees. In the event the amount of nontaxable benefits incurred by Provider is less than the fifty five thousand Dollars ($55,000.00) allocated to Provider by Group, Group shall pay the difference to Provider as a taxable salary at the end of the calendar year. In the event the amount of nontaxable benefits incurred by Provider is greater than the fifty five thousand Dollars ($55,000.00) allocated to Provider by Group, Group shall convert said amount to a loan against Provider which shall be repaid by Provider to Group within the following quarter in the form of bimonthly deductions from Provider's expected salary.

ARTICLE IV
OBLIGATIONS OF GROUP

1. Group will secure throughout the entire term of this Agreement a policy of professional malpractice liability insurance on behalf of Provider with an insurance company admitted and licensed in the State of California. The minimum coverage amount must be One Million Dollars ($1,000,000) per claim and Three Million Dollars ($3,000,000) in the annual aggregate. Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

2. Group also agrees to maintain or purchase a tail policy for a period of not less than five (5) years following the effective termination date of the foregoing policy. Said tail policy shall have the same policy limits as the primary professional liability policy. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group shall fully reimburse Provider for the cost of said tail policy.

3. Group will secure throughout the entire term of this Agreement a policy of health insurance on behalf of Provider with an insurance company admitted and licensed in the State of California. Said insurance policy shall provide coverage for Provider and all his dependents at no additional cost to Provider. Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

4. Group will secure throughout the entire term of this Agreement a policy of disability insurance and on behalf of Provider with an insurance company admitted and licensed in the State of California. The minimum coverage shall be in the amount equal to Provider's current salary. Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

5. Group will secure throughout the entire term of this Agreement a policy of term life insurance on behalf of Provider with an insurance company admitted and licensed in the State of California. The minimum coverage shall be in the amount of one million dollars ($1,000,000). Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

ARTICLE V
OBLIGATIONS OF PROVIDER

1. During the entire term of this Agreement, Provider shall remain in good standing of the medical staff of the Primary Hospital(s)as referenced in Exhibit "B" with privileges in Inpatient Intensive Medicine. Loss of such medical staff membership or loss, impairment, suspension or reduction in privileges shall result in immediate termination of this Agreement.

2. Provider shall advise Group of each malpractice claim filed against Provider and each settlement or judgment of malpractice within fifteen (15) days following said filing, settlement, or judgment. Provider represents and warrants that no claims of malpractice have been made against Provider except as previously indicated in writing to the Group.

3. Provider has agreed to provide Covered Inpatient Intensive Medical Services as referenced in Exhibit “A,” Exhibit “B,” and Exhibit “C.”

4. Provider shall maintain active licenses and DEA numbers in the State of California. Provider shall pay all associated licensing fees and expenses. Provider may also maintain active or inactive licenses in other states at Provider’s sole expense.

5. Provider shall cooperate with independent quality review and improvement organization activities pertaining to provision of services. Provider shall comply with M+CO medical policies, quality assurance programs and medical management programs. Provider shall fully cooperate with and adhere to Medicare's appeals, expedited appeals and expedited review procedures for M+CO Members, including gathering and forwarding information on appeals to M+CO as necessary.

6. Provider shall abide by all standards specified by the Healthcare Facilities Accreditation Program (the “HFAP”) or the Joint Commission on Accreditation of Healthcare Organizations (“JCAHO”) (whichever is applicable), or any comparable deemed status organization in the current accreditation manual for hospitals and all regulations set forth in Title 22, Division 5 of the California Code of Regulations, with respect to the provision of the Services.

7. As to those patients assigned to Provider, Provider shall:

(a) Timely assess all newly admitted patients in accordance with the following timelines:

(1) Admissions to Units Other Than ICU – In accordance with existing hospital policy, unless the clinical status of the patient warrants an earlier assessment;

(2) Admission to ICU - In accordance with existing hospital policy, unless the clinical status of the patient warrants an earlier assessment; and

(3) Emergency Department – Within thirty (30) minutes of request from Emergency Department.

(b) Communicate with the patient’s Primary Care Physician, where applicable, regarding the patient’s medical condition and treatment plan within twenty-four (24) hours of admission, at least every forty-eight (48) hours during the patient’s inpatient stay, and within twenty-four (24) hours of discharge.

(c) Provide encounter data on all services rendered at Hospital as requested by Hospital;

(d) Communicate with Hospital's Case Management Staff on a daily basis regarding the patient's medical condition, treatment plan, and discharge status;

(e) Obtain consultations with specialists and other members of the Medical Staff as may be required by the patient's medical condition.

(f) Cooperate in promptly transitioning care back to the Patient's primary care physician upon discharge, by, among other things:

(1) Preparing discharge instructions (i.e., the discharge sheet) to be faxed or submitted to the primary care physician on the day of discharge; and

(2) Timely completing the discharge summary, as required by hospital rules.

8. Provide consultations to those staff physicians who have elected to admit patients to the Hospital.

9. In the event a patient requests his/her own primary care physician, Provider will provide such care as may be immediately required under the circumstances, and shall promptly call and inform the primary care physician of the patient's request.

ARTICLE VI
CONFIDENTIALITY/NONDISCLOSURE

1. Provider understands that, in connection with his or her engagement with Group, he or she may receive, produce, or otherwise be exposed to trade secrets, Group Information and/or Confidential Information, in addition to all information Group receives from others under an obligation of confidentiality.

2. Provider acknowledges that trade secrets, Group Information and Confidential Information are the sole, exclusive and extremely valuable property of Group. Accordingly, Provider agrees to segregate all trade secrets, Group Information and/or Confidential Information from information of other companies and agrees not to reproduce any trade secrets, Group Information and/or Confidential Information without Group's prior written consent, not to use trade secrets, Group Information and/or Confidential Information except in the performance of this Agreement, and not to divulge all or any part of any trade secrets, Group Information and/or Confidential Information in any form to any third party, either during or after the term of this Agreement. Upon termination or expiration of this Agreement for any reason, Provider agrees to cease using and to return to Group all whole and partial copies and derivatives of any trade secrets, Group Information and/or Confidential Information, whether in Provider's possession or under Provider's direct or indirect control, including any computer access codes and/or nodes.

3. Provider shall not disclose or otherwise make available to Group in any manner any confidential and proprietary information received by Provider from third parties. Provider warrants that his or her performance of all the terms of this Agreement does not and will not breach any agreement entered into by Provider with any other party, and Provider agrees not to enter into any agreement, oral or written, in conflict with this Agreement. In addition, Provider recognizes that Group has proprietary information subject to a duty on Group's part to maintain the confidentiality of such information and to use such information only for certain limited purposes. Provider agrees that he or she owes to Group and such third parties, during the term of the Provider's relationship with Group and thereafter, regardless for the reason of termination of the relationship, a duty to hold all such confidential or proprietary information in the strictest of confidence and not to disclose such information to any person, Group or corporation (except as necessary in carrying our his or her work for Group consistent with Group's agreement with such third party) or to use such information for the benefit of anyone other than for Group or such third party (consistent with Group's agreement with such third party).

4. Provider shall comply with all state, federal and other government requirements regarding medical records, including requirements regarding completion of records, retention of records, access to records, confidentiality of records, and submission of reports, including but not limited to HIPAA. Attached as Exhibit "D" and incorporated herein by reference, is Group's HIPAA privacy policy. As a condition of and in consideration for this Agreement, Provider shall execute and be subject to Group's HIPAA Business Associate Agreement, attached as Exhibit "E."

5. The provisions of this Article shall remain enforceable regardless of any termination of the Agreement.

ARTICLE VII
RESTRICTION ON SOLICITATION

Provider shall not, for as long as Provider is providing services to Hospital hereunder and for a period of six months after the termination of this Agreement, directly or indirectly, promote, participate, or engage in any business activity that would interfere with the performance of Group's business. By way of example only and not by way of limitation, Provider shall not solicit, attempt to solicit, or cause to be solicited any customers or clients of Group, nor will Provider solicit, attempt to solicit, or cause to be solicited any employees, agents or independent contractors of Group to cease their relationship with Group. The parties expressly acknowledge that remedies at law shall be deemed to be inadequate for any breach of any of the covenants of this section, and Group shall be entitled to injunctive relief in addition to any other remedies it may have in law or in equity in the event of such breach. This section shall remain enforceable regardless of any termination of the Agreement.

ARTICLE VIII
INDEMNIFICATION

Provider hereby indemnifies and holds harmless Group and its directors, officers, employees, shareholders and agents from and against any claim, loss, damage, cost, expense (including reasonable attorney's fees) or liability arising out of or related to the performance or non-performance by Provider of any services to be performed or provided by Provider under this Agreement, as well as all other acts or omissions of Provider. This and all other indemnification provisions in the Agreement shall remain enforceable regardless of any termination of the Agreement.

ARTICLE IX
MISCELLANEOUS

1. This Agreement reflects the entirety of the Agreement of the Parties and may be amended or modified only by a written document signed by both parties hereto.

2. All notices required by this Agreement shall be sufficient if delivered in writing by United States mail, postage prepaid and return receipt requested, addressed to the party at the addresses set forth above.

3. The rights and benefits of Group under this Agreement shall be fully assignable and transferable, and all provisions herein shall inure to the benefit of and be enforceable by or against its successors and assigns.
4. Nothing contained in this Agreement shall be construed to permit assignment by Provider of any rights under this Agreement and any such assignment is expressly prohibited. Group may assign its rights and obligations under this Agreement.

5. If any provision in this Agreement is held by a court or arbitrator of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

6. In case of enforcement action arising under or related to this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which he or she may be entitled. This provision shall be construed as applicable to the entire Agreement.

7. This Agreement will be governed by and construed in accordance with the laws of the State of California.

8. Provider acknowledges that he or she had the opportunity to consult an attorney regarding the terms of this Agreement and has either received or waived such advice.

9. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same Agreement.

ARTICLE X
VOLUNTARY AND OPTIONAL AGREEMENT TO ARBITRATE DISPUTES

Any controversy or claim arising out of or relating to this Agreement, or breach thereof, shall be settled by binding arbitration pursuant to the following terms and conditions, which shall remain enforceable regardless of any termination of the Agreement:

1. Voluntary Agreement.

The purpose of arbitration is to resolve any disputes in a timely, fair and individualized manner. Provider's agreement to Arbitrate is not a mandatory condition of this Agreement, and if Provider rescinds his or her acceptance of the agreement to Arbitrate within the time specified below, this Article shall not be enforceable. At the written request of either Party, the Parties agree to consider, in good faith, any reasonable proposal to modify or amend the terms proposed by the other Party, or previously agreed upon in writing by the Parties. Provider is free to consult an attorney of his or her choice in connection with this process. If the Provider wishes to rescind his or her acceptance of the agreement to Arbitrate, he or she may do so at any time within 30 days of signing the Agreement by delivering and maintaining proof of delivery (such as a return receipt of certified mailing) of a signed written notice to the Group that Provider's acceptance of the agreement to arbitrate pursuant to this Article has been rescinded. In the absence of a written, mutually executed amendment, this Article shall set forth the full and complete agreement between the Parties concerning the matters addressed within the scope of this Article and shall supersede all prior oral or written agreements concerning these matters.

2. Covered Disputes.

These arbitration provisions shall apply to any claim or dispute alleging liability that arises from or relates to this Agreement, including, but not limited to, claims of wrongful employment termination, breach of contract, respondeat superior or vicarious liability, harassment or discrimination in employment, disputes concerning wage laws that are applicable only to employees, and all other similar employment relationship, contract, and principle-agent claims. The Arbitrator selected by the Parties shall be solely responsible for resolving any disputes over the interpretation or application of this Arbitration Agreement. Any arbitrable claims that, standing alone, would not be subject to these arbitration provisions shall be included within the scope of these standards if they arise from the same transaction or occurrence as claims that are independently subject to these arbitration provisions.

3. Dispute Resolution Procedures.

The parties agree that each of them shall attempt to provide timely notice to the other party of any actual or perceived claim against the other and that they shall attempt to informally resolve any dispute that arises between them.

If a dispute cannot be resolved informally, the parties agree that it shall be submitted to final and binding arbitration before a single neutral arbitrator (the "Arbitrator"), selected from the then-current panel of the American Arbitration Association ("AAA") that is most appropriate for the nature of the dispute as determined by mutual agreement of the parties or, if such agreement cannot be reached, by AAA. Except as otherwise expressly provided in this Agreement, the arbitration shall be conducted in accordance with the AAA Rules corresponding to the nature of the dispute. Should the nature of the dispute be deemed to fall within the Employment Rules, the Employment Rules of the AAA shall apply except as otherwise expressly provided by this Agreement. The AAA Employment Rules are attached as Exhibit "D." Other than in conjunction with a properly instituted arbitration, the parties shall not be required to adhere to mediation procedures prescribed by any AAA Rules except upon mutual agreement.

Except as otherwise expressly provided in this Agreement, the interpretation, scope and enforcement of these arbitration provisions and all procedural issues shall be governed by the procedural and substantive provisions of the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.* (the "FAA"), the federal decisional law construing the FAA, and the AAA Rules, provided the AAA Rules do not conflict with the FAA. In the event of a conflict, the terms of this Article and the FAA will prevail over the AAA Rules.

The arbitration fees incurred pursuant to these arbitration provisions will be borne as determined by the AAA Rules, unless the Employment Rules apply, in which case they shall be paid exclusively by the Group. Except as otherwise permitted by law and awarded by the arbitrator, each party shall bear her, his, or its own attorney fees and costs. In submitting their disputes to final and binding resolution by the Arbitrator, **THE PARTIES VOLUNTARILY AND KNOWINGLY WAIVE ANY RIGHT THEY HAVE TO A JURY TRIAL OR COURT TRIAL.**

4. Small Claims Procedures.

If either Party asserts that a dispute involves an amount in controversy that is too small to warrant resolution by standard arbitration procedures, the claim may be resolved by a summary small claims procedure (the "Small Claims Procedure"). The Parties shall meet and confer to agree on whether the use of a Small Claims Procedure is appropriate in light of the nature and amount of the claim and, if so, what dispute resolution procedures are most appropriate. To the extent the Parties are unable to agree, the Arbitrator shall decide whether and to what extent a Small Claims Procedure shall apply. The Small Claims Procedure may involve relaxed rules of evidence, the use of broad principles of equity in place of strict application of law, telephonic hearings, and such other economic procedures as the Arbitrator deems appropriate under the circumstances of the dispute and consistent with due process. In no event, however, shall the Arbitrator utilize a Small Claims Procedure for a dispute involving a claim in excess of $50,000.

5. <u>Claims of Non-Parties Excluded From Arbitration.</u>

The Parties wish to resolve any disputes between them in an individualized, informal, timely, and inexpensive manner and to eliminate, to the maximum extent possible, any resort to litigation in a court of law. Consequently, the Arbitrator shall not consolidate or combine the resolution of any claim or dispute between the Parties pursuant to these arbitration provisions with the resolution of any claim by any other party or parties, including but not limited to any other actual or claimed employee of the Group. Nor shall the Arbitrator have the authority to certify a class under Federal Rule of Civil Procedure Rule 23, analogous state rules, or AAA rules pertaining to class arbitration, and the Arbitrator shall not decide claims on behalf of any other party or parties.

ARTICLE XI
TERM OF AGREEMENT

This Agreement will become effective on the 1st day of February, 2009, and shall be effective for a period of twelve (12) months thereafter, unless sooner terminated pursuant to the terms of this Agreement. This Agreement shall automatically be renewed for successive periods of twelve (12) months, each on the same terms and conditions contained herein, unless sooner terminated pursuant to the terms of the Agreement.

ARTICLE XII
TERMINATION OF THE AGREEMENT

Notwithstanding any other provision of this Agreement to the contrary, Group shall have the right to terminate this Agreement for cause. In the event Provider is terminated by the Group for cause, termination shall be effective immediately following the giving of notice of termination by Group. For purposes of this section, cause shall include, but shall not be limited to, the following:

1. Provider repeatedly denies Covered Medical Services to Enrollees inappropriately, as determined by the Group.

2. Provider repeatedly fails to comply with Group's quality improvement and utilization management policies and accessibility and availability standards.

3. Provider fails to comply with Obligations as referenced in Article IV.

4. Provider breaches any other term of this Agreement.

5. Loss, restriction or suspension of Provider's professional license to practice medicine in the State of California.

6. Provider's suspension or exclusion from the Medicare program.

7. Provider violates the State Medical Practice Act.

8. Provider's services place the safety of patients in imminent jeopardy.

9. Provider is convicted of a felony or crime or moral turpitude under State or Federal law.

10. Provider violates ethical and professional codes of conduct of the workplace as specified under State and Federal law.

11. Provider's medical staff privileges at any Primary Hospital are revoked, cancelled, suspended or limited.

12. Provider work product is unsatisfactory as measured by criteria set in the discretion of the Group.

Notwithstanding any other provision in this Agreement to the contrary, this Agreement may be terminated by Group, at any time, without cause, by the giving of ninety (90) days prior written notice to Provider.

Notwithstanding any other provision in this Agreement to the contrary, this Agreement may be terminated by Provider, at any time, without cause, by the giving of ninety (90) days prior written notice to Group.

Notwithstanding anything to the contrary contained in this Agreement, this Agreement may be terminated at any time by mutual written consent of the parties to this Agreement.

Notwithstanding any other provision of this Agreement, in the event that any IPA contracting with Group notifies Group that said IPA wishes to remove Group from the IPA's roster of participating physicians, Group shall have the right to terminate this Agreement by the giving of ninety (90) days prior written notice to Provider.

ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Group and Provider with respect to matters relating to Provider's retention, and it supersedes all previous oral or written communications, representations, or agreements between the parties.

THIS AGREEMENT CONTAINS PROVISIONS FOR THE ARBITRATION OF DISPUTES AND WAIVER OF THE RIGHT TO TRIAL BY JURY OR COURT.

Executed at Glendale, California on May 1, 2009

GROUP:	PROVIDER:
By: /s/ Adrian Vazquez, M.D. (Signature)	By: /s/ Warren Hosseinion, M.D. (Signature)
Adrian C. Vazquez, M.D. President ApolloMed Hospitalists	Warren Hosseinion, M.D

A Medical Corporation

HOSPITALIST PARTICIPATION SERVICE AGREEMENT

This HOSPITALIST PARTICIPATION SERVICE AGREEMENT ("Agreement") is made and entered into this 1st day of May, 2009 by and between ApolloMed Hospitalists, A Medical Corporation (Group), a California professional corporation located at P.O. Box 4555, Glendale, CA 91222 and Adrian C. Vazquez, a physician (Provider), having its principal place of business at 1420 S. Central Ave, Glendale, CA 91202.

RECITALS

WHEREAS, Group intends to enter into agreements with, but not limited to, Independent Physician Associations (IPA's), private community physicians (Physicians) and contracted hospitals (Hospital(s)) for the provision of inpatient medical services to persons enrolled as Enrollees (Enrollees) of IPA's or patients assigned to group as attending physician or consultant by Physician(s) or Hospital(s).

WHEREAS, Group and Provider desire to enter into a contract whereby Provider agrees to provide Covered Inpatient Intensive Medicine Services on behalf of Group to Enrollees of IPA's or patients assigned to group as a locum tenens attending physician or consultant by, but not limited to, Hospital(s) and Physician(s) which contract with Group.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

RETENTION OF PROVIDER

1. Provider shall, at all times, be deemed an, employee. It is the express intention of the parties that Provider is an employee, agent, owner, joint venturer and partner of Group. Both parties acknowledge that Provider is an employee for any and all purposes, including state and federal tax withholdings and that: (1) Provider will not incur business expenses that are not reimbursed by the Group except as otherwise expressly stated in this Agreement, (3) Provider will exercise independent discretion in and control the performance of services that Provider renders pursuant to this Agreement, and (4) Group may supply Provider with the tools and instrumentalities used in the performance of such services at Group's discretion. This Agreement is primarily to achieve the result of the service Provider will render, not the means by which the service will be accomplished.

2. Provider will devote high professional standards and very good effort and attention to the performance of services pursuant to this Agreement. Provider will use good judgment, adhere to high ethical standards, and avoid situations that create an actual or perceived conflict between Provider's interests and the interests of Group. While providing services to Group, Provider will respect Group's procedures and policies so as not to create unsafe situations, hinder Group's patient, employee or vendor relations, expose Group to undue risks or losses or cause dissension among the Group's employees.

3. Provider agrees to indemnify Group and all of its officers, directors, employees, shareholders, and agents and hold them all harmless for any injuries, damages, or losses (including reasonable attorney's fees and legal costs) to Provider or to Provider's agents or employees arising from or relating to this Agreement. Provider further agrees to indemnify Group, and all of its officers, directors, employees, shareholders and agents, free and hold them all harmless from and against any and all claims, demands, damages or liabilities (including reasonable attorney's fees and legal costs) of Group arising from or relating to the performance by Provider and Provider's agents and employees of Provider's obligations and duties pursuant to this Agreement.

ARTICLE I
SERVICES TO BE PERFORMED BY PROVIDER

Provider agrees to be available to provide and/or arrange coverage for Covered
Inpatient Intensive Medicine Services to Enrollees of IPA's, or patients assigned to group as attending physician by Hospital(s) or Physician(s) on an as-needed basis. Said Covered Inpatient Intensive Medicine Services as referenced in Exhibit "A" shall be provided to Enrollees of each and every IPA which has (1) contracted with the Group and (2) has accepted Group to provide Covered Inpatient Intensive Medicine Services to its Enrollees and to patients assigned to Group as attending physician by Hospital(s) or Physician(s). Provider agrees to provide said Covered Inpatient Intensive Medicine Services at Group's Participating Hospitals as referenced in Exhibit "B". IPA's contracted with Group are listed in Exhibit "C."

ARTICLE II
REPRESENTATIONS

GROUP hereby warrants and represents that it is a California medical professional corporation that is in good standing with the California Secretary of State.

PROVIDER hereby warrants and represents that he or she is duly licensed to practice medicine in the State of California and is in good standing with the Medical Board of California. Provider further warrants and represents that he or she is currently either Board Certified or Board Eligible, and that for the duration of this Agreement shall remain in good standing with the Medical Board of California and with the medical staff of the Primary Hospital(s) with privileges in Inpatient Intensive Medicine.

ARTICLE III
COMPENSATION

Group shall compensate Provider for Covered Inpatient Intensive Medicine Services as referenced in Exhibit A at an annualized rate of four hundred fiftteen thousand Dollars ($415,000.00) per year, where three hundred sixty thousand Dollars ($360,000.00) are payable as a taxable and direct salary in bimonthly installments and prorated on a daily basis for any portion of a month in which the terms of this Agreement do not apply or have been suspended by agreement of the Parties or terminated pursuant to the termination provisions of this Agreement and the remaining fifty five thousand Dollars ($55,000.00) as nontaxable benefits, paid either directly from Group or remitted to Group by Provider for costs incurred on a monthly basis, for the purpose of carrying out and performing duties related to employment with Group which include the following: (1) automobile expenses including (a) automobile lease (b) gasoline and (c) automobile repairs and maintenance, (2) meals, (3) travel expenses including (a) automobile rental (b) airline fees and (c) hotels, (4) communication expenses including (a) cellular phone and accessories and (b) cellular phone fees. In the event the amount of nontaxable benefits incurred by Provider is less than the fifty five thousand Dollars ($55,000.00) allocated to Provider by Group, Group shall pay the difference to Provider as a taxable salary at the end of the calendar year and prorated on a daily basis for any portion of the year in which the terms of this Agreement do not apply or have been suspended by agreement of the Parties or terminated pursuant to the termination provisions of this Agreement. In the event the amount of nontaxable benefits incurred by Provider is greater than the fifty five thousand Dollars ($55,000.00) allocated to Provider by Group, Group shall convert said amount to a loan against Provider which shall be repaid by Provider to Group within the following quarter in the form of bimonthly deductions from Provider's expected salary. In addition to the aforementioned compensation, Group shall compensate Provider fifty percent (80%) of collections for revenues generated by Provider in excess of the aforementioned annualized compensation of Four Hundred Fifteen Thousand Dollars ($415,000.00) in the twelve (12) month period corresponding with Group's fiscal year. Provider shall be paid this additional compensation within sixty days after such collections are reasonably calculable after the end of the Group's fiscal year. As Provider is an employee, agent, owner, joint venturer and partner of Group, it is understood that Provider may at times be required to perform additional services, due to acquisition of new contracts or modifications of existing contracts, which may not be part of or in excess of those services agreed upon in current Agreement; changes to current Agreement describing said changes in Groups current contracts and method of compensation to Provider for additional services provided may be amended or modified only by a written document signed by both parties hereto.

ARTICLE IV
OBLIGATIONS OF GROUP

1. Group will secure throughout the entire term of this Agreement a policy of professional malpractice liability insurance on behalf of Provider with an insurance company admitted and licensed in the State of California. The minimum coverage amount must be One Million Dollars ($1,000,000) per claim and Three Million Dollars ($3,000,000) in the annual aggregate. Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

2. Group also agrees to maintain or purchase a tail policy for a period of not less than five (5) years following the effective termination date of the foregoing policy. Said tail policy shall have the same policy limits as the primary professional liability policy. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group shall fully reimburse Provider for the cost of said tail policy.

3. Group will secure throughout the entire term of this Agreement a policy ofhealth insurance on behalf of Provider with an insurance company admitted and licensed in the State of California. Said insurance policy shall provide coverage for Provider and all his dependents at no additional cost to Provider. Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

4. Group will secure throughout the entire term of this Agreement a policy of disability insurance and on behalf of Provider with an insurance company admitted and licensed in the State of California. The minimum coverage shall be in the amount equal to Provider's current salary. Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

5. Group will secure throughout the entire term of this Agreement a policy ofterm life insurance on behalf of Provider with an insurance company admitted and licensed in the State of California. The minimum coverage shall be in the amount of one million dollars ($1,000,000). Group shall supply evidence of current insurance upon the Provider's demand at any time. Should Provider elect to obtain such coverage through an insurance other than that arranged by the Group, Group will remit the costs of the premiums on a monthly basis to the Provider as invoiced to Group by the Provider.

ARTICLE V
OBLIGATIONS OF PROVIDER

1. During the entire term of this Agreement, Provider shall remain in good standing of the medical staff of the Primary Hospital(s) as referenced in Exhibit "B" with privileges in Inpatient Intensive Medicine. Loss of such medical staff membership or loss, impairment, suspension or reduction in privileges shall result in immediate termination of this Agreement.

2. Provider shall advise Group of each malpractice claim filed against Provider and each settlement or judgment of malpractice within fifteen (15) days following said filing, settlement, or judgment. Provider represents and warrants that no claims of malpractice have been made against Provider except as previously indicated in writing to the Group.

3. Provider has agreed to provide Covered Inpatient Intensive Medical Services as referenced in Exhibit "A," Exhibit "B," and Exhibit "C."

4. Provider shall maintain active licenses and DEA numbers in the State of California. Group shall pay all associated licensing fees and expenses. Provider may also maintain active or inactive licenses in other states at Provider's sole expense.

5. Provider shall cooperate with independent quality review and improvement organization activities pertaining to provision of services. Provider shall comply with M+CO medical policies, quality assurance programs and medical management programs. Provider shall fully cooperate with and adhere to Medicare's appeals, expedited appeals and expedited review procedures for M+CO Members, including gathering and forwarding information on appeals to M+CO as necessary.

6. Provider shall abide by all standards specified by the Healthcare Facilities Accreditation Program (the "HFAP") or the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO") (whichever is applicable), or any comparable deemed status organization in the current accreditation manual for hospitals and all regulations set forth in Title 22, Division 5 of the California Code of Regulations, with respect to the provision of the Services.

7. As to those patients assigned to Provider, Provider shall:

   (a) Timely assess all newly admitted patients in accordance with the following timelines:

(1) Admissions to Units Other Than ICU – In accordance with existing hospital policy, unless the clinical status of the patient warrants an earlier assessment;

(2) Admission to ICU - In accordance with existing hospital policy, unless the clinical status of the patient warrants an earlier assessment; and

(3) Emergency Department – Within thirty (30) minutes of request from Emergency Department.

(b) Communicate with the patient's Primary Care Physician, where applicable, regarding the patient's medical condition and treatment plan within twenty-four (24) hours of admission, at least every forty-eight (48) hours during the patient's inpatient stay, and within twenty-four (24) hours of discharge.

(c) Provide encounter data on all services rendered at Hospital as requested by Hospital;

(d) Communicate with Hospital's Case Management Staff on a daily basis regarding the patient's medical condition, treatment plan, and discharge status;

(e) Obtain consultations with specialists and other members of the Medical Staff as may be required by the patient's medical condition.

(f) Cooperate in promptly transitioning care back to the Patient's primary care physician upon discharge, by, among other things:

(1) Preparing discharge instructions (i.e., the discharge sheet) to be faxed or submitted to the primary care physician on the day of discharge; and

(2) Timely completing the discharge summary, as required by hospital rules.

8. Provide consultations to those staff physicians who have elected to admit patients to the Hospital.

9. In the event a patient requests his/her own primary care physician, Provider will provide such care as may be immediately required under the circumstances, and shall promptly call and inform the primary care physician of the patient's request.

ARTICLE VI
CONFIDENTIALITY/NONDISCLOSURE

1. Provider understands that, in connection with his or her engagement with Group, he or she may receive, produce, or otherwise be exposed to trade secrets, Group Information and/or Confidential Information, in addition to all information Group receives from others under an obligation of confidentiality.

2. Provider acknowledges that trade secrets, Group Information and Confidential Information are the sole, exclusive and extremely valuable property of Group. Accordingly, Provider agrees to segregate all trade secrets, Group Information and/or Confidential Information from information of other companies and agrees not to reproduce any trade secrets, Group Information and/or Confidential Information without Group's prior written consent, not to use trade secrets, Group Information and/or Confidential Information except in the performance of this Agreement, and not to divulge all or any part of any trade secrets, Group Information and/or Confidential Information in any form to any third party, either during or after the term of this Agreement. Upon termination or expiration of this Agreement for any reason, Provider agrees to cease using and to return to Group all whole and partial copies and derivatives of any trade secrets, Group Information and/or Confidential Information, whether in Provider's possession or under Provider's direct or indirect control, including any computer access codes and/or nodes.

3. Provider shall not disclose or otherwise make available to Group in any manner any confidential and proprietary information received by Provider from third parties. Provider warrants that his or her performance of all the terms of this Agreement does not and will not breach any agreement entered into by Provider with any other party, and Provider agrees not to enter into any agreement, oral or written, in conflict with this Agreement. In addition, Provider recognizes that Group has proprietary information subject to a duty on Group's part to maintain the confidentiality of such information and to use such information only for certain limited purposes. Provider agrees that he or she owes to Group and such third parties, during the term of the Provider's relationship with Group and thereafter, regardless for the reason of termination of the relationship, a duty to hold all such confidential or proprietary information in the strictest of confidence and not to disclose such information to any person, Group or corporation (except as necessary in carrying our his or her work for Group consistent with Group's agreement with such third party) or to use such information for the benefit of anyone other than for Group or such third party (consistent with Group's agreement with such third party).

4. Provider shall comply with all state, federal and other government requirements regarding medical records, including requirements regarding completion of records, retention of records, access to records, confidentiality of records, and submission of reports, including but not limited to HIPAA. Attached as Exhibit "D" and incorporated herein by reference, is Group's HIPAA privacy policy. As a condition of and in consideration for this Agreement, Provider shall execute and be subject to Group's HIPAA Business Associate Agreement, attached as Exhibit "E."

5. The provisions of this Article shall remain enforceable regardless of any termination of the Agreement.

ARTICLE VII
RESTRICTION ON SOLICITATION

Provider shall not, for as long as Provider is providing services to Hospital hereunder and for a period of six months after the termination of this Agreement, directly or indirectly, promote, participate, or engage in any business activity that would interfere with the performance of Group's business. By way of example only and not by way of limitation, Provider shall not solicit, attempt to solicit, or cause to be solicited any customers or clients of Group, nor will Provider solicit, attempt to solicit, or cause to be solicited any employees, agents or independent contractors of Group to cease their relationship with Group. The parties expressly acknowledge that remedies at law shall be deemed to be inadequate for any breach of any of the covenants of this section, and Group shall be entitled to injunctive relief in addition to any other remedies it may have in law or in equity in the event of such breach. This section shall remain enforceable regardless of any termination of the Agreement.

ARTICLE VIII
INDEMNIFICATION

Provider hereby indemnifies and holds harmless Group and its directors, officers, employees, shareholders and agents from and against any claim, loss, damage, cost, expense (including reasonable attorney's fees) or liability arising out of or related to the performance or non-performance by Provider of any services to be performed or provided by Provider under this Agreement, as well as all other acts or omissions of Provider. This and all other indemnification provisions in the Agreement shall remain enforceable regardless of any termination of the Agreement.

ARTICLE IX
MISCELLANEOUS

1. This Agreement reflects the entirety of the Agreement of the Parties and may be amended or modified only by a written document signed by both parties hereto.

2. All notices required by this Agreement shall be sufficient if delivered in writing by United States mail, postage prepaid and return receipt requested, addressed to the party at the addresses set forth above.

3. The rights and benefits of Group under this Agreement shall be fully assignable and transferable, and all provisions herein shall inure to the benefit of and be enforceable by or against its successors and assigns.

4. Nothing contained in this Agreement shall be construed to permit assignment by Provider of any rights under this Agreement and any such assignment is expressly prohibited. Group may assign its rights and obligations under this Agreement.

5. If any provision in this Agreement is held by a court or arbitrator of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

6. In case of enforcement action arising under or related to this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which he or she may be entitled. This provision shall be construed as applicable to the entire Agreement.

7. This Agreement will be governed by and construed in accordance with the laws of the State of California.

8. Provider acknowledges that he or she had the opportunity to consult an attorney regarding the terms of this Agreement and has either received or waived such advice.

9. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same Agreement.

ARTICLE X
VOLUNTARY AND OPTIONAL AGREEMENT TO ARBITRATE DISPUTES

Any controversy or claim arising out of or relating to this Agreement, or breach thereof, shall be settled by binding arbitration pursuant to the following terms and conditions, which shall remain enforceable regardless of any termination of the Agreement:

1. Voluntary Agreement.

The purpose of arbitration is to resolve any disputes in a timely, fair and individualized manner. Provider's agreement to Arbitrate is not a mandatory condition of this Agreement, and if Provider rescinds his or her acceptance of the agreement to Arbitrate within the time specified below, this Article shall not be enforceable. At the written request of either Party, the Parties agree to consider, in good faith, any reasonable proposal to modify or amend the terms proposed by the other Party, or previously agreed upon in writing by the Parties. Provider is free to consult an attorney of his or her choice in connection with this process. If the Provider wishes to rescind his or her acceptance of the agreement to Arbitrate, he or she may do so at any time within 30 days of signing the Agreement by delivering and maintaining proof of delivery (such as a return receipt of certified mailing) of a signed written notice to the Group that Provider's acceptance of the agreement to arbitrate pursuant to this Article has been rescinded. In the absence of a written, mutually executed amendment, this Article shall set forth the full and complete agreement between the Parties concerning the matters addressed within the scope of this Article and shall supersede all prior oral or written agreements concerning these matters.

2. Covered Disputes.

These arbitration provisions shall apply to any claim or dispute alleging liability that arises from or relates to this Agreement, including, but not limited to, claims of wrongful employment termination, breach of contract, respondeat superior or vicarious liability, harassment or discrimination in employment, disputes concerning wage laws that are applicable only to employees, and all other similar employment relationship, contract, and principle-agent claims. The Arbitrator selected by the Parties shall be solely responsible for resolving any disputes over the interpretation or application of this Arbitration Agreement. Any arbitrable claims that, standing alone, would not be subject to these arbitration provisions shall be included within the scope of these standards if they arise from the same transaction or occurrence as claims that are independently subject to these arbitration provisions.

3. **<u>Dispute Resolution Procedures.</u>**

The parties agree that each of them shall attempt to provide timely notice to the other party of any actual or perceived claim against the other and that they shall attempt to informally resolve any dispute that arises between them.

If a dispute cannot be resolved informally, the parties agree that it shall be submitted to final and binding arbitration before a single neutral arbitrator (the "Arbitrator"), selected from the then-current panel of the American Arbitration Association ("AAA") that is most appropriate for the nature of the dispute as determined by mutual agreement of the parties or, if such agreement cannot be reached, by AAA. Except as otherwise expressly provided in this Agreement, the arbitration shall be conducted in accordance with the AAA Rules corresponding to the nature of the dispute. Should the nature of the dispute be deemed to fall within the Employment Rules, the Employment Rules of the AAA shall apply except as otherwise expressly provided by this Agreement. The AAA Employment Rules are attached as Exhibit "D." Other than in conjunction with a properly instituted arbitration, the parties shall not be required to adhere to mediation procedures prescribed by any AAA Rules except upon mutual agreement.

Except as otherwise expressly provided in this Agreement, the interpretation, scope and enforcement of these arbitration provisions and all procedural issues shall be governed by the procedural and substantive provisions of the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.* (the "FAA"), the federal decisional law construing the FAA, and the AAA Rules, provided the AAA Rules do not conflict with the FAA. In the event of a conflict, the terms of this Article and the FAA will prevail over the AAA Rules.

The arbitration fees incurred pursuant to these arbitration provisions will be borne as determined by the AAA Rules, unless the Employment Rules apply, in which case they shall be paid exclusively by the Group. Except as otherwise permitted by law and awarded by the arbitrator, each party shall bear her, his, or its own attorney fees and costs. In submitting their disputes to final and binding resolution by the Arbitrator, **<u>THE PARTIES VOLUNTARILY AND KNOWINGLY WAIVE ANY RIGHT THEY HAVE TO A JURY TRIAL OR COURT TRIAL.</u>**

4. **<u>Small Claims Procedures.</u>**

If either Party asserts that a dispute involves an amount in controversy that is too small to warrant resolution by standard arbitration procedures, the claim may be resolved by a summary small claims procedure (the "Small Claims Procedure"). The Parties shall meet and confer to agree on whether the use of a Small Claims Procedure is appropriate in light of the nature and amount of the claim and, if so, what dispute resolution procedures are most appropriate. To the extent the Parties are unable to agree, the Arbitrator shall decide whether and to what extent a Small Claims Procedure shall apply. The Small Claims Procedure may involve relaxed rules of evidence, the use of broad principles of equity in place of strict application of law, telephonic hearings, and such other economic procedures as the Arbitrator deems appropriate under the circumstances of the dispute and consistent with due process. In no event, however, shall the Arbitrator utilize a Small Claims Procedure for a dispute involving a claim in excess of $50,000.

5. Claims of Non-Parties Excluded From Arbitration.

The Parties wish to resolve any disputes between them in an individualized, informal, timely, and inexpensive manner and to eliminate, to the maximum extent possible, any resort to litigation in a court of law. Consequently, the Arbitrator shall not consolidate or combine the resolution of any claim or dispute between the Parties pursuant to these arbitration provisions with the resolution of any claim by any other party or parties, including but not limited to any other actual or claimed employee of the Group. Nor shall the Arbitrator have the authority to certify a class under Federal Rule of Civil Procedure Rule 23, analogous state rules, or AAA rules pertaining to class arbitration, and the Arbitrator shall not decide claims on behalf of any other party or parties.

ARTICLE XI
TERM OF AGREEMENT

This Agreement will become effective on the 1st day of January, 2009, and shall be effective for a period of twelve (12) months thereafter, unless sooner terminated pursuant to the terms of this Agreement. This Agreement shall automatically be renewed for successive periods of twelve (12) months, each on the same terms and conditions contained herein, unless sooner terminated pursuant to the terms of the Agreement.

ARTICLE XII
TERMINATION OF THE AGREEMENT

Notwithstanding any other provision of this Agreement to the contrary, Group shall have the right to terminate this Agreement for cause. In the event Provider is terminated by the Group for cause, termination shall be effective immediately following the giving of notice of termination by Group. For purposes of this section, cause shall include, but shall not be limited to, the following:

1. Provider repeatedly denies Covered Medical Services to Enrollees inappropriately, as determined by the Group.

2. Provider repeatedly fails to comply with Group’s quality improvement and utilization management policies and accessibility and availability standards.

3. Provider fails to comply with Obligations as referenced in Article IV.

4. Provider breaches any other term of this Agreement.

5. Loss, restriction or suspension of Provider's professional license to practice medicine in the State of California.

6. Provider's suspension or exclusion from the Medicare program.

7. Provider violates the State Medical Practice Act.

8. Provider's services place the safety of patients in imminent jeopardy.

9. Provider is convicted of a felony or crime or moral turpitude under State or Federal law.

10. Provider violates ethical and professional codes of conduct of the workplace as specified under State and Federal law.

11. Provider's medical staff privileges at any Primary Hospital are revoked, cancelled, suspended or limited.

12. Provider work product is unsatisfactory as measured by criteria set in the discretion of the Group.

Notwithstanding any other provision in this Agreement to the contrary, this Agreement may be terminated by Group, at any time, without cause, by the giving of ninety (90) days prior written notice to Provider.

Notwithstanding any other provision in this Agreement to the contrary, this Agreement may be terminated by Provider, at any time, without cause, by the giving of ninety (90) days prior written notice to Group.

Notwithstanding anything to the contrary contained in this Agreement, this Agreement may be terminated at any time by mutual written consent of the parties to this Agreement.

Notwithstanding any other provision of this Agreement, in the event that any IPA contracting with Group notifies Group that said IPA wishes to remove Group from the IPA's roster of participating physicians, Group shall have the right to terminate this Agreement by the giving of ninety (90) days prior written notice to Provider.

ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Group and Provider with respect to matters relating to Provider's retention, and it supersedes all previous oral or written communications, representations, or agreements between the parties.

THIS AGREEMENT CONTAINS PROVISIONS FOR THE ARBITRATION OF DISPUTES AND WAIVER OF THE RIGHT TO TRIAL BY JURY OR COURT.

Executed at Glendale, California on May 1, 2009.

GROUP:	PROVIDER:
By: /s/ Warren Hosseinion, M.D._ (Signature)	By: _/s/ Adrian Vazquez______. (Signature)
Warren Hosseinion, M.D. Chief Executive Officer ApolloMed Hospitalists	Adrian C. Vazquez, M.D.

Exhibit 21.1 Subsidiaries of Apollo Medical Holdings, Inc

Name	Jurisdiction of Operations
Apollo Medical Management, Inc	California
Aligned Healthcare, Inc	California

CERTIFICATION PURSUANT TO
FORM OF RULE 13A-14(A)
AS ADOPTED PURSUANT TO
SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

I, Warren Hosseinion, M.D., Chief Executive Officer of Apollo Medical Holdings, Inc., certify that:

1. I have reviewed this annual report on Form 10-K/A of Apollo Medical Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control 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 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; and

   (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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: March 27, 2012

/s/ WARREN HOSSEINION, M.D.

WARREN HOSSEINION, M.D.
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
FORM OF RULE 13A-14(A)
AS ADOPTED PURSUANT TO
SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

I, Kyle Francis, Chief Financial Officer of Apollo Medical Holdings, Inc., certify that:

1. I have reviewed this annual report on Form 10-K/A of Apollo Medical Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control 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 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; and

   (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 (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or reasonably likely to materially affect, registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 27, 2012

/s/ KYLE FRANCIS
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

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Apollo Medical Holdings, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) The Annual Report on Form 10-K/A of the Company for the year ended January 31, 2011 (the ‘Report ”), fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: March 27, 2012

/s/ WARREN HOSSEINION, M.D.
WARREN HOSSEINION, M.D.
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

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Apollo Medical Holdings, Inc.(the "Company") hereby certifies, to such officer's knowledge, that:

(i) The Annual Report on Form 10-K/A of the Company for the year ended January 31, 2011 (the "Report "), fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: March 27, 2012

/s/ KYLE FRANCIS
KYLE FRANCIS
Chief Financial Officer