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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2014**

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

Commission File No.
000-25809

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

Delaware	**46-3837784**
State of Incorporation	IRS Employer Identification No.

700 North Brand Blvd., Suite 220
Glendale, California 91203
(Address of principal executive offices)

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

(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: ☒ Yes ☐ No.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

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

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

As of August 13, 2014, there were 49,134,549 shares of common stock, $.001 par value per share, issued and outstanding.

APOLLO MEDICAL HOLDINGS, INC.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2014	March 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,762,423	$ 6,831,478
Marketable securities	407,682	-
Restricted cash	40,000	20,000
Accounts receivable, net	1,531,405	1,508,461
Due from affiliates	38,638	24,041
Prepaid expenses	59,664	42,200
Total current assets	7,839,812	8,426,180
Deferred financing costs, net	337,978	366,286
Property and equipment, net	99,222	94,948
Intangible assets, net	211,427	59,627
Goodwill	278,135	494,700
Other assets	38,681	41,636
TOTAL ASSETS	$ 8,805,255	$ 9,483,377
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,482,682	$ 1,447,040
Medical liabilities	1,137,395	552,561
Note and line of credit payable , net of discount -current portion	392,264	444,764
Holdback liability	136,822	-
Total current liabilities	3,149,163	2,444,365
Warrant liability	2,384,629	2,354,624
Notes payable, net of discount - non current portion	5,282,736	5,344,565
Convertible notes payable, net of discount	981,688	962,978
Total liabilities	11,798,216	11,106,532
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, 49,134,549 shares issued and outstanding as of June 30, 2014 and March 31, 2014, respectively	49,135	49,135
Additional paid-in-capital	15,202,504	15,083,365
Accumulated other comprehensive income	18,589	-
Accumulated deficit	(18,025,329)	(16,347,588)
Stockholders' deficit attributable to Apollo Medical Holdings, Inc.	(2,755,101)	(1,215,088)
Non-controlling interest	(237,860)	(408,067)
Total	(2,992,961)	(1,623,155)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 8,805,255	$ 9,483,377

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

APOLLO MEDICAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three months ended June 30,	
	2014	2013
Net revenues	$ 4,094,486	$ 2,614,694
Costs and expenses		
Cost of services	3,259,839	2,457,930
General and administrative	2,009,332	1,921,830
Depreciation and amortization	11,899	6,355
Total costs and expenses	5,281,070	4,386,115
Loss from operations	(1,186,584)	(1,771,421)
Other (expense) income		
Interest expense	(276,867)	(161,690)
Other	(32,481)	1,049
Total other expense	(309,348)	(160,641)
Loss before provision for income taxes	(1,495,932)	(1,932,062)
Provision for income taxes	11,602	800
Net loss	(1,507,534)	(1,932,862)
Net income attributable to noncontrolling interest	(170,207)	-
Net loss attributable to Apollo Medical Holdings, Inc.	(1,677,741)	(1,932,862)
Other comprehensive income (loss):		
Unrealized change in value of marketable securities	18,589	-
Comprehensive loss	$ (1,659,152)	$ (1,932,862)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING - BASIC AND DILUTED	49,134,549	35,435,474
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.03)	$ (0.05)

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

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED JUNE 30, 2014
(UNAUDITED)

	Preferred Shares	Amount	Common Shares	Amount	Additional Paid-In Capital	Accumulated other comprehensive income	Accumulated Deficit	Stockholders' Deficit Attributable to Apollo Medical Holdings, Inc.	Non-controlling Interest	Total
Balance - beginning of period	-	-	49,134,549	$ 49,135	$ 15,083,365	$ -	$ (16,347,588)	$ (1,215,088)	$ (408,067)	$ (1,623,155)
Net (loss) income	-	-	-	-	-	-	(1,677,741)	(1,677,741)	170,207	(1,507,534)
Unrealized change in value of marketable securities	-	-	-	-	-	18,589	-	18,589	-	18,589
Stock-based compensation expense	-	-	-	-	119,139	-	-	119,139	-	119,139
Balance - end of period	-	-	49,134,549	$ 49,135	$ 15,202,504	$ 18,589	$ (18,025,329)	$ (2,755,101)	$ (237,860)	$ (2,992,961)

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

APOLLO MEDICAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,507,534)	$ (1,932,862)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	11,899	6,355
Stock-based compensation expense	119,139	1,552,304
Amortization of financing costs	28,308	11,797
Amortization of debt discount	79,381	44,663
Change in fair value of warrant liability	30,005	-
Changes in assets and liabilities:		
Accounts receivable	4,273	346,377
Due from affiliates	(20,482)	17,706
Prepaid expenses and advances	(5,267)	52
Other assets	2,955	-
Accounts payable and accrued liabilities	(4,797)	109,927
Medical liabilities	163,677	4,300
Net cash (used in) provided by operating activities	(1,098,443)	160,619
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition, net of cash acquired	216,361	-
Property and equipment acquired	(11,973)	(7,528)
Net cash provided by (used in) investing activities	204,388	(7,528)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on term note payable	(175,000)	-
Payment of note payable	-	(94,765)
Distributions to non-controlling interest shareholder	-	(120,000)
Proceeds from issuance of common stock	-	430,444
Net cash (used in) provided by financing activities	(175,000)	215,679
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(1,069,055)	368,770
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	6,831,478	1,094,974
CASH & CASH EQUIVALENTS, END OF PERIOD	$ 5,762,423	$ 1,463,744
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 150,486	$ 105,230
Income taxes paid	$ 11,129	$ 6,400
Non-Cash Investing Activities:		
Holdback Liability	$ 136,822	$ -

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

1. Description of Business

Apollo Medical Holdings, Inc. (the "Company" or "ApolloMed") and its affiliated physician groups are a physician-centric, integrated healthcare delivery system serving Medicare, Commercial and Medi-Cal beneficiaries in California. ApolloMed's physician network consists of hospitalists, primary care physicians and specialist physicians primarily through the Company's owned and affiliated physician groups. ApolloMed operates as a medical management holding company through the following wholly-owned subsidiary management companies: Apollo Medical Management, Inc. ("AMM"), Pulmonary Critical Care Management, Inc. ("PCCM"), Verdugo Medical Management, Inc. ("VMM") and ApolloMed ACO, Inc. ("ApolloMed ACO"). Through AMM, PCCM, and VMM, the Company manages affiliated medical groups, which consisted of ApolloMed Hospitalists ("AMH"), ApolloMed Care Clinic ("ACC"), Maverick Medical Group, Inc. ("MMG"), Los Angeles Lung Center ("LALC"), Eli Hendel, M.D., Inc. ("Hendel"), and AKM Medical Group, Inc. ("AKM") (see Note 3.) AMM, PCCM and VMM each operate as a physician practice management company ("PPM") and are in the business of providing management services to physician practice corporations ("PPC") under long-term management service agreements. ApolloMedACO participates in the Medicare Shared Savings Program ("MSSP"), the goal of which is to improve the quality of patient care and outcomes through more efficient and coordinated approach among providers.

Change in Fiscal Year

On May 16, 2014, the board of directors of the Company approved a change to the Company's fiscal year end from January 31 to March 31. The March 31, 2014 amounts included in the accompanying condensed consolidated financial statements and related notes thereto are unaudited.

2. Summary of Significant Accounting Policies

Accounting Principles

These condensed consolidated statements reflect all adjustments, consisting of normal recurring adjustments, which, in management's opinion, are necessary, and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2014 as filed with the Securities and Exchange Commission ("SEC") on May 8, 2014.

Principles of Consolidation

The Company's consolidated financial statements include the accounts of Apollo Medical Holdings, Inc. and its wholly owned subsidiaries AMM, ApolloMed ACO, PCCM, and VMM, its controlling interest in Aligned Healthcare, Inc. ("AHI"), which has no operations, and PPCs managed under long-term management service agreements including AMH, MMG, ACC, LALC, Hendel and AKM. Some states have laws that prohibit business entities, such as ApolloMed, 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, the Company operates by maintaining long-term management service agreements with the PPCs, which are each owned and operated by physicians, and which employ or contract with additional physicians to provide hospitalist services. Under the management agreements, the Company provides and performs all non-medical management and administrative services, including financial management, information systems, marketing, risk management and administrative support. The management agreements typically range from 10 to 20 years unless terminated by either party for cause. The management agreements are not terminable by the PPCs, except in the case of material breach or bankruptcy of the respective PPM.

Through the management agreements and the Company's relationship with the stockholders of the PPCs, the Company has exclusive authority over all non-medical decision making related to the ongoing business operations of the PPCs. Consequently, the Company consolidates the revenue and expenses of the PPCs from the date of execution of the management agreements.

All intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

Revenue consists of contracted, fee-for-service, and capitation revenue. Revenue is recorded in the period in which services are rendered. 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 the Company's billing arrangements and how net revenue is recognized for each.

Contracted revenue
Contracted revenue represents revenue generated under contracts for which the Company provides 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 the Company's staff and contractors. Additionally, contract revenue also includes supplemental revenue from hospitals where the Company may have a fee-for-service contract arrangement or provide physician advisory services to the medical staff at a 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, the Company derives a portion of the Company's revenue as a contractual bonus from collections received by the Company's 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
Fee-for-service revenue represents revenue earned under contracts in which the Company bills and collects the professional component of charges for medical services rendered by the Company's contracted and employed physicians. Under the fee-for-service arrangements, the Company bills patients for services provided and receives 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 payor 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 the Company's billing center for medical coding and entering into the Company's billing system and the verification of each patient's submission or representation at the time services are rendered as to the payor(s) responsible for payment of such services. Revenue is recorded based on the information known at the time of entering of such information into the Company's billing systems as well as an estimate of the revenue associated with medical services.

Capitation revenue
Capitation revenue (net of capitation withheld to fund risk share deficits) is recognized in the month in which the Company is obligated to provide services. Minor ongoing adjustments to prior months' capitation, primarily arising from contracted health maintenance organizations (each, an "HMO") finalizing of monthly patient eligibility data for additions or subtractions of enrollees, are recognized in the month they are communicated to the Company. Managed care revenues of the Company consist primarily of capitated fees for medical services provided by the Company under a provider service agreement (PSA) or capitated arrangements directly made with various managed care providers including HMO's. Capitation revenue under the PSA and HMO contracts is prepaid monthly to the Company based on the number of enrollees electing the Company as their healthcare provider. Additionally, Medicare pays capitation using a "Risk Adjustment model," which compensates managed care organizations and providers based on the health status (acuity) of each individual enrollee. Health plans and providers with higher acuity enrollees will receive more and those with lower acuity enrollees will receive less. Under Risk Adjustment, capitation is determined based on health severity, measured using patient encounter data. Capitation is paid on an interim basis based on data submitted for the enrollee for the preceding year and is adjusted in subsequent periods after the final data is compiled. Positive or negative capitation adjustments are made for Medicare enrollees with conditions requiring more or less healthcare services than assumed in the interim payments. Since the Company cannot reliably predict these adjustments, periodic changes in capitation amounts earned as a result of Risk Adjustment are recognized when those changes are communicated by the health plans to the Company.

HMO contracts also include provisions to share in the risk for enrollee hospitalization, whereby the Company can earn additional incentive revenue or incur penalties based upon the utilization of hospital services. Typically, any shared risk deficits are not payable until and unless the Company generates future risk sharing surpluses, or if the HMO withholds a portion of the capitation revenue to fund any risk share deficits. At the termination of the HMO contract, any accumulated risk share deficit is typically extinguished. Due to the lack of access to information necessary to estimate the related costs, shared-risk amounts receivable from the HMOs are only recorded when such amounts are known. Risk pools for the prior contract years are generally final settled in the third or fourth quarter of the following fiscal year.

In addition to risk-sharing revenues, the Company also receives incentives under "pay-for-performance" programs for quality medical care, based on various criteria. These incentives, which are included in other revenues, are generally recorded in the third and fourth quarters of the fiscal year and are recorded when such amounts are known.

Under full risk capitation contracts, an affiliated hospital entered into agreements with several HMOs, pursuant to which, the affiliated hospital will provide hospital, medical, and other healthcare services to enrollees under a fixed capitation arrangement ("Capitation Arrangement"). Under the risk pool sharing agreement, the affiliated hospital and medical group agreed to establish a Hospital Control Program to serve the enrollees, pursuant to which, the medical group is allocated a 90% residual interest in the profit or loss, after deductions for costs to affiliated hospitals. The Company participates in the full risk programs under the terms of the PSA, whereby the Company is wholly liable for the deficits allocated to the medical group under the arrangement. The related liability is included in medical liabilities in the accompanying unaudited condensed consolidated balance sheets at June 30 and March 31, 2014 (see "Medical Liabilities" in this Note 2, below.).

Medicare Shared Savings Program revenue

The Company through its subsidiary, ApolloMed ACO, participates in the MSSP sponsored by the Centers for Medicare & Medicaid Services ("CMS"). The MSSP allows ACO participants to share in cost savings it generates in connection with rendering medical services to Medicare patients. Payments to ACO participants, if any, will be calculated by CMS on cost savings generated by the ACO participant based on a trailing 24 month medical service history. The MSSP is a newly formed program with no history of payments to ACO participants. The Company considers revenue, if any, under the MSSP, as contingent upon the realization of program savings as determined by CMS, and are not considered earned and therefore are not recognized as revenue until cash payments from CMS are received. For the three months ended June 30, 2014 and 2013, the Company recorded no revenue related to the MSSP.

Concentrations

The Company had three major payors during the three months ended June 30, 2014 which contributed 19.6%, 15.8% and 15.3% of net revenues, respectively, and had two major payors during the three months ended June 30, 2013 which contributed 15.8% and 15.7% of net revenues, respectively.

The Company had two major payors that accounted for 21.4%, and 9.5 % of accounts receivable, respectively, as of June 30, 2014, and two major payors that accounted for 21.7% and 9.6% of accounts receivable, respectively, as of March 31, 2014.

Cash Equivalents and Marketable Securities

Our cash equivalents consist of bank demand deposits and highly liquid investments with original maturities of three months or less from the original purchase date.

Our marketable securities consist of our holdings in equity securities and mutual funds. These are classified as available-for-sale, which are measured each reporting period at fair value, with any unrealized change in value and realized gains or losses reflected in other comprehensive income in the accompanying condensed consolidated statements of operations and comprehensive loss. Other than temporary impairments are evaluated for securities that have been in a continuous unrealized loss position longer than one year.

The following is a summary of cash equivalents and marketable securities:

As of June 30, 2014	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Marketable Securities (all current)
Bank demand deposits	$ 5,665,999	$ -	$ -	$ 5,665,999	$ 5,665,999	$ -
Money market funds	96,424	-	-	96,424	96,424	-
Mutual funds	148,028	2,290	-	150,318	-	150,318
Equity securities	241,065	16,299	-	257,364	-	257,364
	$ 6,151,516	$ 18,589	$ -	$ 6,170,105	$ 5,762,423	$ 407,682

As of March 31, 2014	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents
Bank demand deposits	$ 6,831,478			$ 6,831,478	$ 6,831,478
	$ 6,831,478	$ -	$ -	$ 6,831,478	$ 6,831,478

Medical Liabilities

The Company is responsible for integrated care that the associated physicians and contracted hospitals provide to its enrollees. The Company provides integrated care to health plan enrollees through a network of contracted providers under sub-capitation and direct patient service arrangements, company-operated clinics and staff physicians. Medical costs for professional and institutional services rendered by contracted providers are recorded as cost of services in the accompanying condensed consolidated statements of operations and comprehensive loss. Costs for operating medical clinics, including the salaries of medical and non-medical personnel and support costs, are also recorded in cost of services.

An estimate of amounts due to contracted physicians, hospitals, and other professional providers is included in medical liabilities in the accompanying condensed consolidated balance sheets. Medical liabilities include claims reported as of the balance sheet date and estimates of incurred but not reported claims ("IBNR"). Such estimates are developed using actuarial methods and are based on many variables, including the utilization of health care services, historical payment patterns, cost trends, product mix, seasonality, changes in membership, and other factors. The estimation methods and the resulting reserves are continually reviewed and updated. Many of the medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may not come to light until a substantial period of time has passed following the contract implementation. The Company has a $20,000 per member professional stop-loss, none on institutional risk pools. Any adjustments to reserves are reflected in current operations.

Balance, beginning of period	$ 552,561
Incurred health care costs:	
Current year	377,708
Prior years	-
Total incurred health care costs	377,708
Assumed medical liabilities (see Note 3)	421,157
Claims paid:	
Current year	(199,809)
Prior years	-
Total claims paid	(199,809)
Accrual for net deficit from full risk capitation contracts	(14,222)
Balance, end of period	$ 1,137,395

Fair Value of Financial Instruments

The Company's 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 fair values of the Company's financial instruments are measured on a recurring basis. The carrying amount reported in the accompanying condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value because of the short-term maturity of those instruments. The carrying amount for borrowings under the Term Loan and the Convertible Notes approximates fair value which is determined by using interest rates that are available for similar debt obligations with similar terms at the balance sheet date.

The fair value of the warrant liability issued in connection with 2014 NNA Financing at June 30, 2014 was estimated using the Monte Carlo valuation model which used the following inputs: term of 6.7 years, risk free rate of 2.1%, no dividends, volatility of 72.2%, share price of $0.51 per share based on the trading price of the Company's common stock adjusted for a marketability discount, and a 50% probability of down-round financing.

The fair value of the warrant liability at March 31, 2014 was estimated using the Monte Carlo valuation model which used the following inputs: term of 7 years, risk free rate of 2.31%, no dividends, volatility of 71.4%, share price of $0.45 per share based on the trading price of the Company's common stock adjusted for a marketability discount, and a 50% probability of down-round financing.

Holdback liability (see Note 3) fair value was determined based on the probability adjusted cash consideration, discounted at the Company's cost of debt.

The carrying amounts and fair values of the Company's financial instruments are presented below as of :

	June 30, 2014 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market currency funds	$ -	$ 96,424	$ -	$ 96,424
Mutual funds	-	150,318	-	150,318
Equity securities	257,364	-	-	257,364
	$ 257,364	$ 246,742	$ -	$ 504,106
Liabilities:				
Warranty liability	$ -	$ -	$ 2,384,629	$ 2,384,629
Holdback liability	-	-	136,822	136,822
	$ -	$ -	$ 2,521,451	$ 2,521,451

	March 31, 2014 Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Warrant liability	$ -	$ -	$ 2,354,624	$ 2,354,624
	$ -	$ -	$ 2,354,624	$ 2,354,624

The following summarizes the activity of Level 3 inputs measured on a recurring basis for the three months ended June 30, 2014:

	Fair Value Measurements of Unobservable Inputs (Level 3)
Balance, beginning of period	$ 2,354,624
Transfers in (out) of Level 3	-
Change in fair value of warrant liability	30,005
Holdback liability (see Note 3)	136,822
Balance, end of period	$ 2,521,451

The unrealized gain on change in fair value of warrant liability is included in the accompanying condensed and consolidated statement of operations and comprehensive loss.

Non-controlling Interest

The non-controlling interest recorded in the Company's condensed consolidated financial statements represents the pre-acquisition equity of those PPC's in which the Company has determined that it has a controlling financial interest and for which consolidation is required as a result of management contracts entered into with these entities. The nature of these contracts provide the Company with a monthly management fee to provide the services described above, and as such, the adjustments to non-controlling interests in any period subsequent to initial consolidation would relate to either capital contributions or distributions by the non-controlling parties as well as income or losses attributable to certain non-controlling interests.

Basic and Diluted 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.

The following table sets forth the number of shares excluded from the computation of diluted earnings per share, as their inclusion would be anti-dilutive:

	Three months ended June 30,	
	2014	2013
Incremental shares assumed issued on exercise of in the money options	4,090,915	4,849,986
Incremental shares assumed issued on exercise of in the money warrants	1,451,073	1,717,089
	5,541,988	6,567,075

New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Use of Estimates

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may materially differ from these estimates under different assumptions or conditions.

Reclassifications

Certain reclassifications have been made to the accompanying March 31, 2014 condensed consolidated financial statements to conform them to the June 30, 2014 presentation.

3. Acquisition

In May 2014, AMM entered into a management services agreement with AKM Acquisition Corp, Inc. (“AKMA”), a newly-formed provider of physician services and affiliate of the Company owned by the Company’s CEO as physician shareholder, to manage all non-medical services for AKMA. AMM has exclusive authority over all non-medical decision making related to the ongoing business operations of AKMA and is the primary beneficiary; consequently, AMM consolidated the revenue and expenses of AKMA from the date of execution of the management services agreements. On May 30, 2014 (the “Closing Date”) AKMA entered into a stock purchase agreement (the “AKM Purchase Agreement”) with the shareholders of AKM Medical Group, Inc.(“AKM”), a Los Angeles, CA-based independent practice association (“IPA”) consisting of over 100 primary care and specialist physicians serving over 2,100 patients. Immediately following the closing, AKMA merged with and into AKM, with AKM being the surviving entity. Under the AKM Purchase Agreement all of the issued and outstanding shares of capital stock of AKM was acquired for approximately $280,000, of which $140,000 was paid at closing and $136,822 (the “Holdback Liability”) is payable subject to the outcome of incurred but not reported risk-pool claims and other contingent claims that existed at the acquisition date. The acquisition allows the Company to execute on its strategy to provide high-quality, cost-efficient healthcare delivery through integrated services and network offerings.

The Company accounted for the acquisition as a business combination using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the purchase date and be recorded on the balance sheet. The process for estimating the fair values of identifiable intangible assets involves the use of significant estimates and assumptions, including estimating future cash flows and developing appropriate discount rates. The acquisition-date fair value of the consideration transferred was as follows:

Cash consideration	$	140,000
Fair value of holdback consideration due to seller		136,822
Total purchase consideration	$	276,822

Under the acquisition method of accounting, the total purchase price was allocated to AKM’s net tangible assets based on their estimated fair values as of the closing date. The preliminary allocation of the total purchase price to the net assets acquired and included in the Company’s condensed consolidated balance sheet is as follows:

Cash and cash equivalents	$	356,359
Marketable securities		389,094
Accounts receivable		27,217
Prepaid expenses and other assets		26,313
Intangible assets		156,000
Goodwill (bargain purchase)		(216,565)
Accounts payable and accrued liabilities		(40,439)
Medical liabilities		(421,157)
Net assets acquired	$	276,822

Before recognizing a gain from a bargain purchase, the Company is required to reassess its identification of assets acquired and liabilities assumed to validate that all assets and liabilities that the acquirer is able to identify at the acquisition date are properly recognized. The guidance in ASC 805 requires that this additional reassessment be performed to verify that the identification and measurement of all components of the business combination were consistent with the requirements of ASC 805. Accordingly, as the purchase price allocation is preliminary and subject to reassessment, the Company will classify the goodwill bargain purchase as a contra to goodwill until it has completed its review of the procedures used to measure the included amounts, which is expected to be during the quarter ending September 30, 2014.

The following is a summary of goodwill activity for the three months ended June 30, 2014:

Balance, beginning of period	$	494,700
Acquisition of AKM		(216,565)
Balance, end of period	$	278,135

Under the AKM Purchase Agreement, former shareholders of AKM are entitled to be paid the Holdback Amount of up to approximately $140,000 within 6 months of the Closing Date. No later than 30 days after the six month period, AKM will prepare a closing statement which will state the actual cash position (as defined) ("Actual Cash Position") of AKM. If the actual cash position of AKM is less than $461,104 (the "Target Amount"), the former shareholders of AKM will pay the difference between the Target Amount and the Actual Cash Position, which will be deducted from the Holdback Amount, but in no case will exceed the amount previously paid to the former shareholders of AKM in connection with the transaction. If the Actual Cash Position exceeds the Target Amount, then that difference will be added to the Holdback Amount. Any indemnification payment made by the former shareholders of AKM will also be paid from the Holdback Amount; if the Holdback Amount is insufficient, the former shareholders of AKM are liable for paying the balance, which cannot exceed amounts previously paid to the former shareholders of AKM under the AKM Purchase Agreement. The Company determined the preliminary fair value was determined based on the cash consideration discounted at the Company's cost of debt.

Transaction costs are not included as a component of consideration transferred and were expensed as incurred. The related transaction costs expensed for the three months ended June 30, 2014 were approximately $37,000.

The results of operations for AKM are included in the condensed consolidated statements of operations from its acquisition date. The pro forma results of operations are prepared for comparative purposes only and do not necessarily reflect the results that would have occurred had the acquisition occurred at the beginning of the years presented or the results which may occur in the future. The following unaudited pro forma results of operations for the three months ended June 30, 2014 assume the AKM acquisition had occurred on April 1, 2014, and for the three months ended June 30, 2013 assume the acquisition had occurred on April 1, 2013:

	Three months ended June 30,			
		2014 (unaudited)		2013 (unaudited)
Net revenue	$	4,480,901	$	3,154,803
Net loss	$	(1,610,877)	$	(1,976,850)
Basic and diluted net loss per share	$	(0.03)	$	(0.06)

From the Closing Date to June 30, 2014, revenues and net income related to AKM included the accompanying condensed and consolidated statement of operations were $179,403 and $7,580, respectively.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

		June 30, 2014		March 31, 2014
Accounts payable	$	822,461	$	824,334
Accrued compensation		579,098		546,078
Income taxes payable		1,566		4,149
Accrued interest		38,472		19,780
Accrued professional fees		41,085		52,699
	$	1,482,682	$	1,447,040

5. Notes and Lines of Credit Payable

Senior Secured Note

The Company entered into a Senior Secured Note ("Note") agreement on February 1, 2012 with SpaGus Capital Partners, LLC ("SpaGus") an entity in which Gary Augusta, a director and shareholder of the Company, holds an ownership interest. The term of the Note provided for interest at 8.929% per annum, payments of principal of $135,000 on each of September 15, 2012 and October 15, 2012, and was secured by substantially all assets of the Company. The Company prepaid interest on the Note principal of $15,000 in accordance with the Note, and paid financing costs of $5,000 in cash and the issuance of 216,000 shares of the Company's common stock, which was valued at $25,661 at the date of issuance.

On September 15, 2012, SpaGus agreed to allow the Company to defer payment of the scheduled principal payments due on September 15 and October 15, 2012, and amended the Note effective October 15, 2012 in which SpaGus agreed to provide additional principal to the Company in the amount of $230,000. The terms of the amended Note in the amount of $500,000 provided for borrowings to bear interest at 8.0 % per annum with accrued interest payable in arrears on each of December 28, 2012, March 31, 2013, June 30, 2013, and October 15, 2013. The amended Note was to have matured October 15, 2013, and could be prepaid at any time prior to September 29, 2013. The Company paid SpaGus financing costs of 100,000 restricted shares of the Company's common stock on the amendment date, which had a fair value of $50,000. On April 15, 2013, the Company issued an additional 100,000 restricted shares of the Company's common stock to SpaGus required under the terms of the amended Note, which had a fair value of $45,000 at the obligation date. The Company accounted for this additional payment as a modification, which was amortized to interest expense over the remaining term of the amended Note using the effective interest method. The amended Note matured and was repaid, including accrued unpaid interest, on October 16, 2013.

Medical Clinic Acquisition Promissory Notes

In connection with the September 1, 2013 acquisition of the Los Angeles, CA medical clinic, ACC issued a non-interest bearing promissory note to the seller, which was due in ten installments of $15,000 per month commencing December 1, 2013. The Company determined the fair value of the note using an interest rate of 5.45% per annum to discount future cash flows, which was based on Moody's Baa-rated corporate bonds at the valuation date. The note was secured by substantially all assets of the clinic.

In connection with the January 6, 2014 acquisition of Fletcher medical clinic, ACC issued a non-interest bearing promissory note to the seller, which was due in installments of $15,000 per month for five months commencing April 1, 2014 under a non-interest bearing promissory note was secured by the assets of the clinic. The Company determined the fair value of the note using an interest rate of 5.30% per annum to discount future cash flows, which was based on Moody's Baa-rated corporate bonds at the valuation date. The note was secured by substantially all assets of the clinic.

In connection with the December 7, 2013 acquisition of Eagle Rock medical clinic, ACC issued a non-interest bearing promissory note to the seller, which was due in installments of $10,000 per month for eight months commencing March 1, 2014 under a non-interest bearing promissory note was secured by the assets of the clinic. The Company determined the fair value of the note using an interest rate of 5.46 % per annum to discount future cash flows, which was based on based on index of Moody's Baa-rated corporate bonds at of the valuation date. The note was secured by substantially all assets of the clinic.

The Medical Clinic Acquisition Promissory Notes were repaid in connection with the equity and debt financing with NNA of Nevada, Inc. that closed on March 28, 2014 (refer to 2014 NNA Financing below).

NNA Credit Agreements

On October 15, 2013, the Company entered into a $2.0 million secured revolving credit facility (the "Revolving Credit Agreement") with NNA of Nevada, Inc., ("the Lender" or "NNA"). Borrowings under the Revolving Credit Agreement accrued interest at a rate equal to the sum of (i) three month LIBOR and (ii) 6.0 %. Interest was payable on the last business day of each successive month, in arrears, which commenced October 31, 2013, and at each month-end thereafter. The Revolving Credit Agreement required the Company to pay the Lender a facility fee, on the last business day of each month, at a per annum rate of 1.0 % of the average daily unused portion of the revolving credit commitment under the Credit Agreement. Loans drawn under the Credit Agreement were secured by all of the assets of the Company and its subsidiaries, including a security interest in the deposit accounts of the Company and its subsidiaries and a pledge of the shares in the Company's subsidiaries. The Company incurred direct costs related to the Credit Agreement aggregating $ 119,500 which were accounted for as deferred financing costs and were amortized using the straight line method to interest expense. On December 20, 2013 the Company entered into the First Amendment to the Credit Agreement (the "Amended Credit Agreement"), which increased the revolving credit facility from $2 million to $4 million. The proceeds of the Amended Credit Agreement were used by the Company to repay the $500,000 Note to SpaGus Apollo, LLC, and were used to pay or repay certain of the Company's 10% Notes (see Note 6), to refinance certain other indebtedness of the Company, and for working capital and for general corporate purposes. The Amended Credit Agreement was refinanced on March 28, 2014 in connection with 2014 NNA Financing.

2014 NNA Financing

On March 28, 2014, the Company entered into certain credit and investment agreements with NNA (the "2014 NNA Financing") which provided for a $7.0 million secured term loan ("Term Loan"), a $1.0 million secured line of credit ("Revolving Loan"), and a $2.0 million convertible note commitment ("Convertible Note"). In addition, NNA acquired 2,000,000 shares of the Company's common stock, warrants to acquire the Company's common stock, and certain registration rights (see Note 8). The Term Loan and Revolving Loan are secured by substantially all assets of the Company, and are guaranteed by the Company's subsidiaries and certain of its consolidated medical corporations.

The Company determined the fair value of the proceeds of $9.0 million in part based on the following inputs for the warrant liability: term of 7 years, risk free rate of 2.31%, no dividends, volatility of 71.4%, share price of $0.45 per share and a 50% probability of down-round financing. The common stock issuance was recorded at $899,739 (a discount of $1,100,261 to the face amount), the term loan was recorded at $5,745,637 (a discount of $1,254,363 to the face amount), and a corresponding warrant liability of $2,354,624.

The Term Loan accrues interest at a rate of 8.0% per annum. The principal amount of the Term Loan is repaid on the last business day of each calendar quarter, which provides for quarterly payments of $87,500 in the first year, $122,500 in the second year, $122,500 in the third year, $175,000 in the fourth year, and $210,000 in the fifth year. The Term Loan at March 31, 2014 reflects a discount of $1,305,435 associated with the issuance of 3 million warrants to acquire the Company's common stock (see Note 8) and payment of a fee to NNA of $80,000 of which $51,072 was considered a debt discount, $7,998 was recorded to equity, and $20,930 allocated to warrant liability was immediately recorded as interest expense. The discount will be amortized to interest expense over the expected term of the loan using the effective interest method.

The Revolving Loan will bear interest at the rate of three month LIBOR plus 6.0% per annum. No amounts were borrowed under the Revolving Loan at June 30, 2014. The Term Loan and Revolving Loan mature on March 28, 2019.

The Convertible Note commitment provides for the Company to borrow up to $2,000,000. Borrowings, if any, will bear interest at the rate of 8.0 % per annum payable semi-annually, and will be convertible into shares of the Company's common stock initially at $1.00 per share. The conversion price will be subject to adjustment in the event of subsequent down-round equity financings, if any, by the Company. The Convertible Note also requires the Company to issue 1,000,000 warrants to NNA with an exercise price of $1.00 per share (see Note 8.) These warrants become exercisable in the event the Company elects to fund the Convertible Note. The Convertible Note was funded on July 30, 2014.

The Company incurred $235,119 in third party costs related to the 2014 NNA Financing, which were allocated to the related debt and equity instruments based on their relative fair values, of which $150,101 was classified as deferred financing costs which will be deferred and amortized over the life of the loan using the effective interest method.

The 2014 NNA Financing credit agreement and the Convertible Note provide for certain financial covenants which the Company was in compliance with as of and for the quarter ended June 30, 2014.

In addition, the 2014 NNA Financing credit agreement and the Convertible Note includes (1) certain negative covenants that, subject to exceptions, limit the Company's ability to, among other things incur additional indebtedness, engage in future mergers, consolidations, liquidations and dissolutions, sell assets, pay dividends and distributions on or repurchase capital stock, and enter into or amend other material agreements; and (2) certain customary representations and warranties, affirmative covenants and events of default, which are set forth in more detail in the 2014 NNA Financing credit agreement and Convertible Note.

Unsecured revolving line of credit

Included in "Note and line of credit payable" in the accompanying condensed consolidated balance sheet is a $100,000 revolving line of credit with a financial institution of which $94,765 was outstanding at June 30, 2014 and March 31, 2014. Borrowings under the line of credit bear interest at the prime rate (as defined) plus 4.50% (7.75% per annum at June 30, 2014), interest only is payable monthly, and matures June 5, 2015. The line of credit is unsecured.

Interest expense associated with the notes and lines of credit payable consisted of the following:

	Three months ended June 30,	
	2014	2013
Interest expense	$ 144,153	$ 30,997
Amortization of loan fees and discount	71,251	4,719
	$ 215,404	$ 35,716

6. Convertible Notes Payable

10% Senior Subordinated Callable Convertible Notes

On October 16, 2009, the Company issued $1,250,000 of its 10% Senior Subordinated Callable Convertible Notes (the "10% Notes"). The 10% Notes were sold through a placement agent in the form of a Unit. Each Unit comprised one 10% Senior Subordinated Callable Convertible Note with a par value $25,000, and warrants to purchase shares of the Company's common stock.

On December 20, 2013, , the Company redeemed the 10% Notes of the Holders for cash and/or conversion into shares of the Company's Common Stock.

8% Senior Subordinated Convertible Promissory Notes due February 1, 2015
On or about February 21, 2013, the Company entered into a Settlement Agreement and Release (collectively, the "Settlement Agreements") with each of the holders of 8% Notes (each, a "8% Holder" and, collectively, the "8% Holders"). Under the Settlement Agreements, the Company agreed to redeem for cash and/or convert into shares of the Company's common stock the 8% Notes of the 8% Holders. In February 2014 the Company redeemed and converted $150,000 in original principal amount plus accrued interest thereon, for total cash payments of approximately $106,000 and issuance of approximately182,000 shares of the Company's common stock.

9% Senior Subordinated Callable Convertible Promissory Notes due February 15, 2016
The 9% Notes bear interest at a rate of 9% per annum, payable semi-annually on August 15 and February 15, and mature February 15, 2016, and are subordinated. The principal of the 9% Notes plus any accrued yet unpaid interest is convertible at any time by the holder at a conversion price of $0.40 per share of Common Stock, subject to adjustment for stock splits, stock dividends and reverse stock splits. After 60 days prior notice, the Note is callable in full or in part by the Company at any time after January 31, 2015. If the Average Daily Value of Trades ("ADVT") during the prior 90 days as reported by Bloomberg is greater than $100,000, the Note is callable at a price of 105% of the Note's par value, and if the ADVT is less than $100,000, the 9% Notes are callable at a price of 110% of the Note's par value.

In connection with the issuance of the 9% Notes, the holders of the 9% Notes received warrants to purchase 660,000 shares of the Company's common stock at an exercise price of $0.45 per share, subject to adjustment for stock splits, reverse stock splits and stock dividends, and which are exercisable at any date prior to January 31, 2018, and were classified in equity. The fair value of the 9% Notes warrants was based on the Company's closing stock price at the transaction date and inputs to the Black-Scholes option pricing model.

Interest expense associated with the convertible notes payable consisted of the following:

	Three months ended June 30,	
	2014	2013
Interest expense	$ 25,025	$ 74,232
Amortization of loan fees and discount	36,438	51,741
	$ 61,463	$ 125,974

7. Income Taxes

Deferred income taxes are provided on a liability method whereby deferred tax assets and liabilities are recognized for temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Significant management judgment is required in determining the Company's provision for income taxes and the recoverability of the Company's deferred tax assets. Such determination is based primarily on the Company's historical taxable income, with some consideration given to the Company's estimates of future taxable income by jurisdictions in which the Company operates and the period over which the Company's deferred tax assets will be recoverable. Due to overall cumulative losses incurred in recent years, the Company maintained a full valuation allowance against its deferred tax assets as of June 30, 2014 and March 31, 2014. 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 are currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2010 and later. The Company's state income tax returns are open to audit under the statute of limitations for the years ended December 31, 2009 and later. The Company does not anticipate any material unrecognized tax benefits within the next twelve months.

8. Stockholders' Deficit

Common Stock Placement

On March 28, 2014, the Company entered into an equity and debt investment for up to $12.0 million with NNA of Nevada, Inc. ("NNA"). As part of the investment, the Company entered into an Investment Agreement with NNA, dated March 28, 2014 (the "Investment Agreement"), pursuant to which the Company sold NNA 2,000,000 shares of the Company's common stock (the "Purchased Shares") at a purchase price of $1.00 per share. In addition with the issuance of common shares, the Company issued to NNA 1,000,000 warrants to purchase the Company's common stock for $1.00 per share. The Company used the Monte Carlo Method to value the warrants, which used the following inputs: term of 7 years, risk free rate of 2.31%, no dividends, volatility of 71.4%, share price of $0.45 per share and a 50% probability of down-round financing. The Company determined that the fair value of the shares issued was approximately $900,000, or approximately $0.45 per share. The Company also entered into a registration rights agreement ("RRA") with NNA which requires the Company to file a registration statement to register its shares with the Securities and Exchange Commission no later than March 28, 2015. The RRA requires the Company to use commercially reasonable efforts to complete these actions. If the Initial Registration Statement is not filed with the Commission on or prior to the filing deadline the Company must pay to NNA an amount in Common Stock based upon its then fair market value, as liquidated damages equal to 1.50% of the aggregate purchase price paid by NNA.

Equity Incentive Plans

The Company's amended 2010 Equity Incentive Plan (the "2010 Plan") allowed the Board to grant up to 12,000,000 shares of the Company's common stock, and provided for awards including incentive stock options, non-qualified options, restricted common stock, and stock appreciation rights. As of June 30, 2014 there were no shares available for grant.

On April 29, 2013 the Company's Board of Directors approved the Company's 2013 Equity Incentive Plan (the "2013 Plan"), pursuant to which 5,000,000 shares of the Company's common stock have been reserved for issuance thereunder. The Company received approval of the 2013 Plan from the Company's stockholders on May 19, 2013. The Company issues new shares to satisfy stock option and warrant exercises under the 2013 Plan. As of June 30, 2014 there were approximately 2,400,000 shares available for future grants under the 2013 Plan.

Stock options and restricted common stock 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 share, whichever can be more clearly determined. The Company recognizes this expense over the period in which the services are provided.

Share Issuances

A summary of the Company's restricted stock sold to employees, directors and consultants with a right of repurchase of unlapsed or unvested shares is as follows for the three months ended June 30, 2014:

	Shares	Weighted Average Remaining Vesting Life (In years)	Weighted Average Per Share Intrinsic Value	Weighted-average Per Share Grant Date Fair Value
Unvested or unlapsed shares, beginning of period	907,407	1.3	$ -	$ 0.41
Granted	-	-	-	-
Vested / lapsed	(105,555)	-	-	-
Forfeited	-	-	-	-
Unvested or unlapsed shares, end of period	801,852	1.1	$ -	$ 0.41

Options

Stock option activity for the three months ended June 30, 2014 is summarized below:

	Shares	Weighted Average Per Share Exercise Price	Weighted Average Remaining Life (Years)	Weighted Average Per Share Intrinsic Value
Balance, beginning of period	6,287,000	$ 0.20	8.7	$ 0.11
Granted	-	-	-	-
Cancelled	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Forfeited	-	-	-	-
Balance, end of period	6,287,000	$ 0.20	8.5	$ 0.15
Vested and exercisable, end of period	5,309,223	$ 0.19	7.1	$ 0.13

ApolloMed ACO 2012 Equity Incentive Plan

On October 18, 2012 ApolloMed ACO's Board of Directors adopted the ApolloMed Accountable Care Organization, Inc. 2012 Equity Incentive Plan (the "ACO Plan") and reserved 9,000,000 shares of ApolloMed ACO's common stock for issuance thereunder. The purpose of the ACO Plan is to encourage selected employees, directors, consultants and advisers to improve operations and increase the profitability of ApolloMed ACO and encourage selected employees, directors, consultants and advisers to accept or continue employment or association with ApolloMed ACO.

The following table summarizes the restricted stock award in the ACO Plan during the three months ended June 30, 2014:

	Shares	Weighted Average Remaining Vesting Life (Years)	Weighted Average Per Share Intrinsic Value	Weighted Average Per Share Fair Value
Balance, beginning of period	3,752,000	0.8	$ 0.02	$ 0.03
Granted	-	-	-	-
Released	-	-	-	-
Balance, end of period	3,752,000	0.6	$ 0.02	$ 0.03
Vested and exercisable, end of period	2,484,667			

Awards of restricted stock under the Plan vest (i) one-third on the date of grant; (ii) one-third on the first anniversary of the date of grant, if the grantee has remained in service continuously until that date; and (iii) one-third on the second anniversary of the date of grant if the grantee has remained in service continuously until that date.

As of June 30, 2014, total unrecognized compensation costs related to non-vested stock-based compensation arrangements granted under the Company's 2010 and 2013 Equity Plans, and the ACO Plan's and the weighted-average period of years expected to recognize those costs are as follows:

Common stock options	$ 86,469
Restricted stock	$ 182,860
ACO Plan restricted stock	$ 17,069

Stock-based compensation expense related to common stock and common stock option awards is recognized over their respective vesting periods and was included in the accompanying condensed consolidated statement of operations as follows:

	Three Months Ended June 30, 2014	2013
Stock-based compensation expense:		
Cost of services	$ 28,743	$ 488,879
General and administrative	90,396	1,063,425
	$ 119,139	$ 1,552,304

Warrants

Warrants consisted of the following for the three months ended June 30, 2014:

	Weighted Average Per Share Intrinsic Value	Number of warrants
Outstanding, beginning of period	$ 0.02	7,145,000
Granted	-	-
Exercised	-	-
Cancelled	-	-
Outstanding, end of period	$ -	7,145,000

Exercise Price Per Share	Warrants outstanding	Weighted average remaining contractual life	Warrants exercisable	Weighted average exercise price per share
$ 0.11485	1,250,000	2.1	1,250,000	$ 0.1149
$ 0.11485	250,000	2.1	250,000	$ 0.1149
$ 0.45000	500,000	2.1	500,000	$ 0.4500
$ 0.50000	100,000	3.3	100,000	$ 0.5000
$ 0.45000	825,000	3.6	825,000	$ 0.4500
$ 0.40000	220,000	3.6	220,000	$ 0.4000
$ 1.00000	2,000,000	7.0	2,000,000	$ 1.0000
$ 2.00000	2,000,000	7.0	2,000,000	$ 2.0000
	7,145,000	5.1	7,145,000	0.9700

In connection with the 2014 NNA Financing debt and equity investment, NNA received warrants to purchase up to 2,000,000 shares of the Company's common stock at an exercise price of $1.00 per share and up to 2,000,000 shares at an exercise price of $2.00 per share, subject to adjustment for stock splits, reverse stock splits and stock dividends, and which are exercisable at any date prior to March 28, 2021. The warrants also contained down-round protection under which the exercise price of the warrants is subject to adjustment in the event the Company issues future common shares at a price below $0.90 per share. The Company determined that the warrants should be classified as liabilities under ASC 815-40, which requires the Company to determine the fair value of the warrants at the transaction date and at each subsequent reporting period (see Notes 2 and 5). Following the funding of the Convertible Note on July 30, 2014, additional warrants to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $1.00 per share that had been issued in connection with the 2014 NNA Financing became exercisable.

Authorized stock

At June 30, 2014 the Company was authorized to issue up to 100,000,000 shares of common stock. The Company is required to reserve and keep available out of the authorized but unissued shares of common stock such number of shares sufficient to effect the conversion of all outstanding shares of the 9% Senior Subordinated Callable Notes, the exercise of all outstanding warrants exercisable into shares of common stock, and shares granted and available for grant under the Company's 2013 Plan. The amount of shares of common stock reserved for these purposes is as follows at June 30, 2014:

Common stock issued and outstanding	49,134,549
Conversion of 9% Notes	2,750,000
Warrants outstanding	7,145,000
Stock options outstanding	6,287,000
Remaining shares issuable under 2013 Equity Incentive Plan	2,400,000
	67,716,549

9. Commitments and Contingencies

Regulatory Matters

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Company believes that it is in compliance with all applicable laws and regulations.

Legal

On May 16, 2014, Lakeside Medical Group, Inc. and Regal Medical Group, Inc., two independent physician associations who compete with Company in the greater Los Angeles area, filed an action against the Company and two affiliates of the Company, Maverick Medical Group, Inc. and ApolloMed Hospitalists, a Medical Corporation, in Los Angeles County Superior Court. The complaint alleged that the Company and its two affiliates made misrepresentations and engaged in other acts in order to improperly solicit physicians and patient-enrollees from Plaintiffs. The Complaint sought compensatory and punitive damages. On June 30, 2014, the Company and its affiliates filed a motion requesting the Court to stay the court proceeding and order the parties to arbitrate this dispute subject to existing arbitration agreements. On August 11, 2014, the Plaintiffs filed a request for dismissal without prejudice of the action. On August 12, 2014, the Plaintiffs served the Company and its affiliates with Demands for Arbitration before Judicial Arbitration Mediation Services in Los Angeles. The Company is currently examining the merits of the claims to be arbitrated, and it is too early to state whether the likelihood of an unfavorable outcome is probable or remote, or to estimate the potential loss if the outcome should be negative. The Company is aware that punitive damages previously sought in the court proceeding are not available in arbitration. The Company and its affiliates are preparing a defense to the allegations and the Company intends to vigorously defend the action.

In the ordinary course of the Company's business, the Company becomes involved in pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice related to medical services provided by the Company's affiliated hospitalists. The Company may also become subject to other lawsuits which could involve significant claims and/or significant defense costs. The Company believes, based upon the Company's review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows. The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows in a future period.

Liability Insurance

The Company believes that the Company's insurance coverage is appropriate based upon the Company's claims experience and the nature and risks of the Company's business. In addition to the known incidents that have resulted in the assertion of claims, the Company cannot be certain that the Company's insurance coverage will be adequate to cover liabilities arising out of claims asserted against the Company, the Company's affiliated professional organizations or the Company's affiliated hospitalists in the future where the outcomes of such claims are unfavorable. The Company believes that the ultimate resolution of all pending claims, including liabilities in excess of the Company's insurance coverage, will not have a material adverse effect on the Company's 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 the Company's business.

Although the Company currently maintains liability insurance policies on a claims-made basis, which are intended to cover malpractice liability and certain other claims, the coverage must be renewed annually, and may not continue to be available to the Company in future years at acceptable costs, and on favorable terms.

Consulting Agreement

In June 2014, the Company entered into a consulting arrangement with Bridgewater Healthcare, LLC, in which Mr. Mitchell R. Creem will provide CFO services to the Company in return for cash compensation of $10,000 per month and 5,000 vested options per month with an exercise price of $1.00 per share effective May 20, 2014.

10. Subsequent Events

Acquisition

On July 22, 2014, pursuant to a Stock Purchase Agreement dated as of July 21, 2014 (the "Purchase Agreement") among the Target (as defined below), the shareholders of the Target (the "Sellers") and an affiliate in which the sole physician shareholder is Warren Hosseinion, M.D., the Company's Chief Executive Officer (the "Affiliate") of Apollo Medical Holdings, Inc. (the "Company"), the Affiliate acquired all of the outstanding shares of capital stock of a medical group that provides professional medical services in Los Angeles County, California (the "Target"). The shares of the Target were acquired from the Sellers. The purchase price for the shares was (i) $2,000,000 in cash, (ii) $362,646 to pay off and discharge certain indebtedness of the Target, (iii) warrants to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $1.00 per share and (iv) a contingent amount of up to $1,000,000 payable, if at all, in cash. The acquisition was funded by an intercompany loan from AMM, which also provided an indemnity in favor of one of the Sellers relating to certain indebtedness of the Target that remained outstanding following the closing of the acquisition. Following the acquisition of the Target by the Affiliate, the Affiliate was merged with and into the Target, with the Target being the surviving corporation.

In connection with the acquisition of the Target, AMM entered into a management services agreement with the Affiliate on July 21, 2014. As a result of the Affiliate's merger with and into the Target, the Target is now the counterparty to this management services agreement and bound by its terms. Pursuant to the management services agreement, AMM will manage all non-medical services for the Target and will have exclusive authority over all non-medical decision making related to the ongoing business operations of the Target, and is the primary beneficiary of the Target, and the financial statements of the Target will be consolidated as a variable interest entity with those of the Company from the date of the management services agreement.

Stock-based compensation

In July 2014 the Company issued 200,000 options to acquire the common shares of the Company to Warren Hosseinion, M.D., the Company's Chief Executive Officer; 200,000 options to acquire the common shares of the Company to Gary Augusta, the Company's Executive Chairman of the Board; and 100,000 options to acquire the common shares of the Company to Adrian Vazquez, M.D., a senior executive with the Company. Each option grant has an exercise price of $1.00 per share and will vest evenly on monthly basis over 36 months from the date of grant.

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

The following management's discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this Quarterly Report. In addition, reference is made to our audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our most recent Annual Report on Form 10-K for the former year ended January 31, 2014, filed with the Securities and Exchange Commission (SEC) on May 8, 2014.

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

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

Overview

Apollo Medical Holdings, Inc. and its affiliated physician groups ("ApolloMed", "we", "our" or the "Company") are a physician centric, integrated healthcare delivery system serving Medicare, Commercial and Medi-Cal beneficiaries in California. ApolloMed's businesses operate primarily under risk and value-based contracts with health plans, Independent Physician Associations ("IPAs"), Hospitals and the Centers for Medicare and Medicaid Services' ("CMS") Medicare Shared Savings Program. We believe each major constituent of the healthcare delivery system, including patients, families, primary care physicians, specialists, acute care hospitals, alternative sites of inpatient care, physician groups and health plans can benefit from better coordinated care. We are positioned to assist and provide "Best in Class" care coordination services to each of these constituents and assist in finding solutions to many of the challenges associated with patient care in the inpatient and outpatient settings.

ApolloMed was incorporated in California in 2001, beginning operations at Glendale Memorial Hospital as a hospital based physician group. The Company was organized around the admission and care of patients at inpatient facilities such as a hospital. We have successfully grown our inpatient strategy in a competitive market by providing high quality care for our patients and innovative solutions for our hospital and managed care clients by focusing on improving the inefficiencies associated with inpatient care, reducing readmissions and improving outcomes through better care coordination. Currently, we provide inpatient services at over 28 hospitals and long-term acute care facilities in Los Angeles and Central California where we have contracted with over 50 hospitals, IPAs and health plans to provide a range of inpatient services including hospitalist, intensivist, physician advisor and consulting services.

In 2012, the Company formed an Accountable Care Organization ("ACO"), ApolloMed ACO, to participate in CMS' Medicare Shared Savings Program. The ACO program is designed to work together with payors by aligning provider incentives. This alignment of provider incentives is intended to improve quality and medical outcomes for patients across the ACO and achieve cost savings for Medicare. We believe ApolloMed ACO is unique in that it leverages our best in class inpatient and outpatient capabilities.

Recent Developments

On March 28, 2014, the Company entered into certain credit and investment agreements with NNA of Nevada, Inc. (the "NNA") which provided for a $7.0 million secured term loan, a $1.0 million secured line of credit, and a $2.0 million convertible note commitment. In addition, NNA acquired 2,000,000 shares of the Company's common stock, warrants to acquire the Company's common stock, and certain registration rights. The term loan and revolving loan are secured by substantially all assets of the Company, and are guaranteed by the Company's subsidiaries and certain of its consolidated medical corporations.

On May 16, 2014, the Board of Directors of the Company approved a change to the Company's fiscal year end from January 31 to March 31. The Company elected to change its fiscal year end in order to simplify business processes and to align the Company's fiscal year with the reporting periods for other healthcare services reporting companies to allow for easier comparison and industry coverage.

In May 2014, AMM entered into a management services agreement with AKM Acquisition Corp, Inc. ("AKMA"), a newly-formed provider of physician services and affiliate of the Company solely owned by the Company's CEO as physician shareholder, to manage all non-medical services for AKMA. AMM has exclusive authority over all non-medical decision making related to the ongoing business operations of AKMA and consequently, consolidated the revenue and expenses of AKMA from the date of execution of the management services agreements. On May 30, 2014 (the "Closing Date") AKMA entered into a stock purchase agreement (the "AKM Purchase Agreement") with the shareholders of AKM Medical Group, Inc.("AKM"), a Los Angeles, CA-based independent practice association ("IPA") consisting of over 100 primary care and specialist physicians serving over 2,100 patients. Immediately following the closing, AKMA merged with and into AKM, with AKM being the surviving entity. Under the AKM Purchase Agreement, the Company acquired all of the issued and outstanding shares of capital stock of AKM for approximately $280,000, of which $140,000 was paid at closing and $136,822 is payable (the "Holdback Liability" Amount) subject to the outcome of incurred but not reported risk-pool claims and other contingent claims that existed at the acquisition date. The acquisition allows the Company to execute on its strategy to provide high-quality, cost-efficient healthcare delivery through integrated services and network offerings.

On July 22, 2014, pursuant to a Stock Purchase Agreement dated as of July 21, 2014 (the "Purchase Agreement") among the Target (as defined below), the shareholders of the Target (the "Sellers") and an affiliate in which the sole physician shareholder is Warren Hosseinion, M.D., the Company's Chief Executive Officer (the "Affiliate") of Apollo Medical Holdings, Inc. (the "Company"), the Affiliate acquired all of the outstanding shares of capital stock of a medical group that provides professional medical services in Los Angeles County, California (the "Target"). The shares of the Target were acquired from the Sellers. The purchase price for the shares was (i) $2,000,000 in cash, (ii) $362,646 to pay off and discharge certain indebtedness of the Target, (iii) warrants to purchase up to 1,000,000 shares of the Company's common stock at an exercise price of $1.00 per share and (iv) a contingent amount of up to $1,000,000 payable, if at all, in cash. The acquisition was funded by an intercompany loan from AMM, which also provided an indemnity in favor of one of the Sellers relating to certain indebtedness of the Target that remained outstanding following the closing of the acquisition. Following the acquisition of the Target by the Affiliate, the Affiliate was merged with and into the Target, with the Target being the surviving corporation.

In connection with the acquisition of the Target, AMM entered into a management services agreement with the Affiliate on July 21, 2014. As a result of the Affiliate's merger with and into the Target, the Target is now the counterparty to this management services agreement and bound by its terms. Pursuant to the management services agreement, AMM will manage all non-medical services for the Target and will have exclusive authority over all non-medical decision making related to the ongoing business operations of the Target, and is the primary beneficiary of the Target, and the financial statements of the Target will be consolidated as a variable interest entity with those of the Company from the date of the management services agreement.

Results of Operations

Three months ended June 30, 2014 compared to three months ended June 30, 2013

The Company's results of operations were as follows for the three months ended June 30:

	2014	2013	Change	Percentage change
Net revenues	$ 4,094,486	$ 2,614,694	$ 1,479,792	56.6%
Costs and expenses:				
Cost of services	3,259,839	2,457,930	801,909	32.6%
General and administrative	2,009,332	1,921,830	87,502	4.6%
Depreciation	11,899	6,355	5,544	87.2%
Total costs and expenses	5,281,070	4,386,115	894,955	20.4%
Loss from operations	$ (1,186,584)	$ (1,771,421)	$ 584,837	-33.0%

The following table sets forth consolidated statements of operations for the three months ended June 30 stated as a percentage of net revenues:

	% of Net revenues	
	2014	2013
Net revenues	100.0%	100.0%
Costs and expenses:		
Cost of services	79.6%	94.0%
General and administration	49.1%	73.5%
Depreciation	0.3%	0.2%
Total costs and expenses	129.0%	167.7%
Loss from operations	-29.0%	-67.7%

Net revenues are comprised of net billings under the various fee structures from health plans, medical groups/IPA's and hospitals, and income from service fee agreements. The increase (decrease) was attributable to:

$ 1,288,096	Increase in Maverick Medical Group ("MMG") IPA revenue due to increase in Medicare patient lives
$ 261,612	Increase in clinic revenues due to ApolloMed Care Clinics ("ACC") acquisitions
$ 179,402	Increase in revenues due to AKM acquisition
$ (249,318)	Reduction of hospitalist revenue due to non-renewal of certain contracts

Cost of services are comprised primarily of physician compensation and related expenses. The increase (decrease) was attributable to:

$	1,254,912	Increase in MMG and ACC services due to higher revenues
$	146,220	Increase due to acquisition of AKM
$	(460,136)	Decrease due to lower stock-based compensation
$	(139,087)	Decrease due to lower hospitalist revenue

Cost of services as percentage of net revenues decreased principally due to lower stock-based compensation, partially offset by higher medical costs associated with ACC's clinic operation and higher proportion of Medi-Cal patient lives added to MMG for the three months ended June 30, 2014.

General and administrative expenses include all non-physician salaries, benefits, supplies and operating expenses, including billing and collections functions, and our corporate management and overhead not specifically related to the day-to-day operations of our physician group practices. The Company is also funding initiatives associated with establishment of ApolloMed ACO which had no revenue for the three months ended June 30, 2014. The increase (decrease) in general and administrative expenses was attributable to:

$ 445,296	Increase in legal fees related to AKM acquisition and IPA litigation; and an increase in audit and professional fees in connection with appointment of new auditors
$ 440,231	Increase in administrative personnel and facilities costs to support growth in the business, ACC and AKM acquisitions
$ (973,029)	Decrease in stock-based compensation

Loss from operations decreased due to lower stock-based compensation totaling $1,433,165, partially offset by the higher cost of medical services in ACC and MMG, and an increase in legal and professional fees.

	2014	2013	Change
Interest expense	$ 276,867	$ 161,690	$ 115,177

Interest expense increased in 2014 primarily due to higher interest expense due to an increase in borrowings primarily related to the 2014 NNA financing.

	2014	2013	Change
Net loss attributable to Apollo Medical Holdings, Inc.	$ 1,677,741	$ 1,932,862	$ 255,121

Net loss attributable to Apollo Medical Holdings, Inc. decreased primarily due to lower stock-based compensation expense, partially offset by higher cost of medical services in ACC and MMG and an increase in spending legal and professional fees.

Liquidity and Capital Resources

At June 30, 2014, the Company had cash equivalents and marketable securities of $6.2 million compared to cash and cash equivalents of $6.8 million at March 31, 2014. At June 30, 2014 the Company had borrowings totaling $6.7 million compared to borrowings at March 31, 2014 of $6.7 million.

The Company incurred the following net operating loss and cash used in operating activities for the three months ended June 30, 2014:

Loss from operations	$ 1,186,584
Cash used in operating activities	$ 1,098,443

The Company’s accumulated and stockholders’ deficit at June 30, 2014 was as follows:

Accumulated deficit	$ 18,025,329
Stockholders' deficit attributable to Apollo Medical Holdings, Inc.	$ 2,755,101

To date the Company has funded its operations from internally generated cash flow and external sources, including the proceeds from the issuance of debt and equity securities which have provided funds for near-term operations and growth. On March 28, 2014, the Company entered into an equity and debt arrangement with NNA to provide $12,000,000 in funding, which included $2,000,000 investment in Company common stock, $8,000,000 in term and revolving loans, and a $2,000,000 convertible note commitment. The Company refinanced its existing indebtedness under the prior NNA $4,000,000 credit agreement, and intends to use the remaining proceeds for working capital, acquisitions, and general corporate purposes. The Company believes its current cash balances, coupled with cash flow from operating activities will be sufficient to meet its working capital requirements for the foreseeable future. If the need for financing arises, the Company cannot assure that it will be available on acceptable terms, or at all.

Three months ended June 30, 2014

For the three months ended June 30, 2014, cash used in operating activities was $1,098,443. This was the result of net losses of $1,677,741 offset by cash provided by non-cash expenses of $268,732 and change in working capital of $140,359. Non-cash expenses primarily include depreciation expense, issuance stock-based compensation expense, amortization of financing costs, and accretion of debt discount.

Cash provided by working capital was due to:

Decrease in Accounts receivable, net	$	4,273
Decrease in Other assets	$	2,955
Increase in medical liabilities	$	163,677

Cash used by working capital was due to:

Increase in due from affiliates	$	(20,482)
Increase in prepaid expenses and advances	$	(5,267)
Decrease in Accounts payable and accrued liabilities	$	(4,797)

For the three months ended June 30, 2014, cash provided by investing activities was $204,388 related to the acquisition of AKM of $140,000, net of cash acquired of $356,359, and investment in office and technology equipment.

For the three months ended June 30, 2014, net cash used in financing activities was $175,000 related to principal payments on the term loan.

Critical Accounting Policies

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. We believe that our critical accounting policies are limited to those described in the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2014.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Off Balance Sheet Arrangements

As of June 30, 2014, we had no off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

In connection with the preparation of this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of our disclosure controls and procedures, as of June 30, 2014, in accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act.

Based on that evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2014.

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

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

2. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. 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 June 30, 2014, 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 realign 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.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting during the two month period ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On May 16, 2014, Lakeside Medical Group, Inc. and Regal Medical Group, Inc., two independent physician associations who compete with Company in the greater Los Angeles area, filed an action against the Company and two affiliates of the Company, Maverick Medical Group, Inc. and ApolloMed Hospitalists, a Medical Corporation, in Los Angeles County Superior Court. The complaint alleged that the Company and its two affiliates made misrepresentations and engaged in other acts in order to improperly solicit physicians and patient-enrollees from Plaintiffs. The Complaint sought compensatory and punitive damages. On June 30, 2014, the Company and its affiliates filed a motion requesting the Court to stay the court proceeding and order the parties to arbitrate this dispute subject to existing arbitration agreements. On August 11, 2014, the Plaintiffs filed a request for dismissal without prejudice of the action. On August 12, 2014, the Plaintiffs served the Company and its affiliates with Demands for Arbitration before JAMS in Los Angeles. The Company is currently examining the merits of the claims to be arbitrated, and it is too early to state whether the likelihood of an unfavorable outcome is probable or remote, or to estimate the potential loss if the outcome should be negative. The Company is aware that punitive damages previously sought in the court proceeding are not available in arbitration. The Company and its affiliates are preparing a defense to the allegations and the Company intends to vigorously defend the action.

ITEM 1A. RISK FACTORS

Omitted.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.1+	Stock Purchase Agreement dated July 21, 2014 by and between SCHC Acquisition, A Medical Corporation, the Shareholders of So Cal Heart Centers, A Medical Corporation and So Cal Heart Centers, A Medical Corporation
3.1	Certificate of Incorporation (filed as an exhibit to Registration Statement on Form 10-SB 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 September 14, 2011, and incorporated herein by reference).
4.1	Form of Investor Warrant, dated October 16, 2009, for the purchase of 25,000 shares of common stock (filed as an exhibit on Annual Report on Form 10-K/A on March 28, 2012, and incorporated herein by reference).

4.2	Form of Investor Warrant, dated October 29, 2012, for the purchase of common stock (filed as an exhibit on Form 10-Q on December 17, 2012 and incorporated herein by reference)
4.3	Form of Amendment to October 16, 2009 Warrant to Purchase Shares of Common Stock, dated October 29, 2012 (filed as an exhibit on Form 10-Q on December 17, 2012 and incorporated herein by reference)
4.4	Form of 9% Senior Subordinated Callable Convertible Note, dated January 31, 2013 (filed as an exhibit on Annual Report on Form 10-K on May 1, 2013 and incorporated herein by reference)
4.5	Form of Investor Warrant for purchase of 37,500 shares of common stock, dated January 31, 2013 (filed as an exhibit on Annual Report on Form 10-K on May 1, 2013, and incorporated herein by reference)
4.6	Convertible Note, issued by Apollo Medical Holdings, Inc. to NNA of Nevada, Inc., dated March 28, 2014 (filed as an exhibit on Form 8-K on March 31, 2014, and incorporated herein by reference).
4.7	Common Stock Purchase Warrant to purchase 1,000,000 shares, issued by Apollo Medical Holdings, Inc. to NNA of Nevada, Inc., dated March 28, 2014 (filed as an exhibit on Form 8-K on March 31, 2014, and incorporated herein by reference).
4.8	Common Stock Purchase Warrant to purchase 2,000,000 shares, issued by Apollo Medical Holdings, Inc. to NNA of Nevada, Inc., dated March 28, 2014 (filed as an exhibit on Form 8-K on March 31, 2014, and incorporated herein by reference).
4.9	Common Stock Purchase Warrant to purchase 1,000,000 shares, issued by Apollo Medical Holdings, Inc. to NNA of Nevada, Inc., dated March 28, 2014 (filed as an exhibit on Form 8-K on March 31, 2014, and incorporated herein by reference).
4.1	Common Stock Purchase Warrant to purchase 1,000,000 shares, issued by Apollo Medical Holdings, Inc. to NNA of Nevada, Inc., dated March 28, 2014 (filed as an exhibit on Form 8-K on March 31, 2014, and incorporated herein by reference).
10.1	Consulting Agreement as of May 20, 2014 by and among Apollo Medical Holdings, Inc. and Bridgewater Healthcare Group, LLC (filed as an exhibit on Form 8-K/A on July 3, 2014, and incorporated by reference herein)
	Exhibit 31 - Rule 13a-14(d)/15d-14(d) Certifications
31.1+	Certification by Chief Executive Officer
31.2+	Certification by Chief Financial Officer
	Exhibit 32 - Section 1350 Certifications
32.1+	Certification by Chief Executive Officer pursuant to 18 U.S.C. section 1350.
32.2+	Certification by Chief Financial Officer pursuant to 18 U.S.C. section 1350
	Exhibit 101 – Interactive Data Files
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

+ Filed herewith.

* Pursuant to Rule 406T of Regulation S-T, XBRL (Extensible Business Reporting Language) information is furnished and not filed herewith, is not a part of a registration statement or Prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements 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.

Dated: August 14, 2014

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

Dated: August 14, 2014

By: /s/ Mitchell R. Creem
Mitchell R. Creem
Chief Financial Officer and Director
(Principal Financial and Accounting Officer)

Exhibit 2.1

STOCK PURCHASE AGREEMENT

by and between:

SCHC Acquisition, A Medical Corporation,
a California professional corporation;

and

THE SHAREHOLDERS OF SOUTHERN CALIFORNIA HEART CENTERS, A MEDICAL CORPORATION,
a California professional corporation;

and

SOUTHERN CALIFORNIA HEART CENTERS, A MEDICAL CORPORATION,
a California professional corporation.

Dated as of July 21, 2014

STOCK PURCHASE AGREEMENT

This **STOCK PURCHASE AGREEMENT** (the "Agreement") is made and entered into as of July 21, 2014, by and between SCHC Acquisition, A Medical Corporation, a California professional corporation (the "Purchaser"), those individuals who have executed the signature page to this Agreement as stockholders of Southern California Heart Centers, A Medical Corporation (collectively, the " Sellers" and individually, a "Seller"), and Southern California Heart Centers, A Medical Corporation, a California professional corporation (the "Company").

WITNESSETH:

WHEREAS, the Sellers desire to sell, and Purchaser desires to purchase, all issued and outstanding shares (the Shares") of capital stock of the Company, for the consideration and on the terms set forth in this Agreement;

WHEREAS, the Company is a medical group engaged in the business of providing professional medical services (collectively, the 'Business");

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Definitions.

(a) Except as otherwise set forth herein, the Exhibits, and the Disclosure Schedule, the following terms shall have the meanings specified in this Section 1.1:

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Business Day" means any day of the year on which national banking institutions in California are open to the public for conducting business and are not required or authorized to close.

"CBB Term Loan" means that certain Business Term Loan from Citizens Business Bank to Company in the principal amount of $250,000 evidenced by a Promissory Note dated October 15, 2012.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Benefit Plan" means any Employee Benefit Plan or ERISA Affiliate Plan (as defined inSection 4.12(a)).

"Confidential Information" means any confidential information with respect to the Business, including, methods of operation, patients, patient lists, patient records, products, prices, fees, costs, Technology, inventions, Trade Secrets, know-how, software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters.

"Contract" means any contract, agreement, indenture, note, bond, loan, instrument, lease, license, security agreement, sales and purchase orders, commitment or other arrangement or agreement, whether written or oral, including any amendments, modifications, or supplements thereto.

"Documents" means all files, documents, instruments, papers, books, reports, records, tapes, microfilms, photographs, letters, budgets, forecasts, ledgers, journals, title policies, customer lists, regulatory filings, operating data and plans, technical documentation (design specifications, functional requirements, operating instructions, logic manuals, flow charts, etc.), user documentation (installation guides, user manuals, training materials, release notes, working papers, etc.), marketing documentation (sales brochures, flyers, pamphlets, web pages, etc.), and other similar materials related to the Business in each case whether or not in electronic form.

"Environmental Law" means any foreign, federal, state or local statute, regulation, ordinance, rule of common law or other legal requirement, as now or hereafter in effect, in any way relating to the protection of human health and safety, the environment or natural resources including, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as each has been or may be amended and the regulations promulgated pursuant thereto.

"Encumbrance" means any charge, claim, community or other marital property interest, condition, equitable interest, lien, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal, or similar restriction, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

"ERISA" means the Employment Retirement Income Security Act of 1974, as amended.

"Escrow Account" means the escrow account set up pursuant to the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement between Purchaser, Sellers and Commerce Escrow Company as escrow agent (the "Escrow Agent"), substantially in the form of Exhibit E hereto.

"Furniture and Equipment" means all furniture, fixtures, furnishings, equipment, vehicles, leasehold improvements, and other tangible personal property owned or used by the Company and its Affiliates in the conduct of the Business, including all artwork, desks, chairs, tables, hardware, copiers, telephone lines and numbers, telecopy machines and other telecommunication equipment, cubicles and miscellaneous office furnishings and supplies.

"GAAP" means generally accepted accounting principles in the United States as of the date hereof.

"Governmental Body" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

"Government Reimbursement Programs" means the federal Medicare program, the California state Medi-Cal program, and any other governmental program responsible for payment or reimbursement for professional medical services.

"Hazardous Material" means any substance, material or waste that is regulated, classified, or otherwise characterized under or pursuant to any Environmental Law as "hazardous," "toxic," "pollutant," "contaminant," "radioactive," or words of similar meaning or effect, including petroleum and its by-products, asbestos, polychlorinated biphenyls, radon, mold, and urea formaldehyde insulation.

"Indebtedness" of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement; (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) the liquidation value of all redeemable preferred stock of such Person; (vi) all obligations of the type referred to in clauses (i) through (v) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (vii) all obligations of the type referred to in clauses (i) through (vi) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"Intellectual Property Licenses" means (i) any grant to a third Person of any right to use any of the Purchased Intellectual Property, and (ii) any grant to the Seller of a right to use a third Person's intellectual property rights which is necessary in connection with the Business or for the use of any Purchased Intellectual Property.

"IRS" means the Internal Revenue Service.

"Inventory" means all merchandise and inventory owned and intended for resale in connection with the Business, all manufactured and purchased parts, goods in process, raw materials, supply and packing materials and finished goods and other tangible personal property that is used in connection with the Business, wherever located, in each case as of the Closing Date.

"Knowledge" means (i) with respect to the Sellers, the knowledge after due inquiry of either Seller, and (ii) with respect to the Purchaser, the knowledge after due inquiry of Dr. Warren Hosseinion, and (iii) with respect to the Company, the knowledge after due inquiry of the Sellers.

"Law" means any federal, state or local law (including common law), statute, code, ordinance, rule, regulation or other requirement.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, proceedings (public or private) or claims or proceedings by or before any Person.

"Liability" means any debt, loss, damage, adverse claim, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto.

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, encumbrance or any other restriction or limitation whatsoever.

"Losses" means any losses, liabilities, obligations, damages, costs, penalties, interest and expenses (including all reasonable attorneys', accountants' and experts' fees).

"Material Adverse Effect" means (i) a material adverse effect on the historical, near-term or long-term projected business, assets, properties, results of operations, condition (financial or otherwise) or prospects of the Company or of the Business, or (ii) a material adverse effect on the ability of any one or more Seller to consummate the transactions contemplated by this Agreement or perform their obligations under this Agreement or the Seller Documents (as defined in Section 4.2(a)).

"Net Working Capital as of the Closing Date" means the Company's (x) current assets less (y) current liabilities as of the Closing Date.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body.

"Ordinary Course of Business" means the ordinary and usual course of day-to-day operations of the Business through the date hereof consistent with past practice.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates issued by any Person.

"Permitted Exceptions" means (i) all defects, exceptions, restrictions, easements, rights of way and encumbrances disclosed in policies of title insurance which have been made available to the Purchaser; (ii) statutory liens for current Taxes, assessments or other governmental charges not yet delinquent or the amount or validity of which is being contested in good faith by appropriate proceedings, provided an appropriate reserve is established therefor; (iii) mechanics', carriers', workers', repairers' and similar Liens that are not material to the Business so encumbered and that are not resulting from a breach, default or violation by the Company of any Contract or any Law; (iv) zoning, entitlement and other land use and environmental regulations by any Governmental Body, provided that such regulations have not been violated; and (v) such other imperfections in title, charges, easements, restrictions and encumbrances which do not materially detract from the value of or materially interfere with the present use of any properties used in the Business.

"Person" means any individual, limited liability company, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"Purchased Intellectual Property" means all intellectual property rights used by the Company and its Affiliates in connection with the Business arising from or in respect of the following, whether protected, created or arising under the laws of the United States or any other jurisdiction: (i) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon (collectively, "Patents"), (ii) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, Internet domain names and corporate names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof, (collectively, "Marks"), (iii) copyrights and registrations and applications therefor, works of authorship and mask work rights (collectively, "Copyrights"), (iv) discoveries, concepts, ideas, research and development, know-how, formulae, inventions, compositions, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary and confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals of the Company and its Affiliates, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents (collectively, "Trade Secrets"), and (v) all software and Technology of the Seller and its Affiliates used in connection with the Business.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property.

"Remedial Action" means all actions to (i) clean up, remove, treat or in any other way address any Hazardous Material; (ii) prevent the Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) to correct a condition of noncompliance with Environmental Laws.

"SBA Loan" means that certain SBA Loan dated October 16, 2006 administered by Global Management Services, LLC for $700,000 in favor of the Company.

"Seller Benefit Plan" means any Employee Benefit Plan or ERISA Affiliate Plan (as defined inSection 4.11).

"Subsidiary" means any Person of which a majority of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by the Company.

"Taxes" means (i) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any Taxing Authority in connection with any item described in clause (i) and (iii) any transferee liability in respect of any items described in clauses (i) and/or (ii) payable by reason of contract, assumption, transferee liability, operation of Law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise.

"Taxing Authority" means the IRS and any other Governmental Body responsible for the administration of any Tax.

"Tax Return" means any return, report or statement required to be filed with respect to any Tax (including any attachments thereto, and any amendment thereof) including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes the Company or any of its Affiliates.

"Technology" means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing, in any form whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by or relate to, or are used by the Seller.

(b) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day;

(ii) any reference in this Agreement to $ shall mean U.S. dollars;

(iii) the Exhibits, the Disclosure Schedule and the other schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement; all Exhibits, the Disclosure Schedule and the other schedules attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein; any capitalized terms used in any schedule, the Disclosure Schedule, or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement;

(iv) any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa;

(v) the provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement;

(vi) all references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified;

(vii) the words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires; and

(viii) the word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(c) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE II

PURCHASE AND SALE OF SHARES

2.1 Purchase and Sale of Shares. Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties, covenants contained in this Agreement, at the Closing (as defined below), Purchaser shall purchase the Shares from Sellers, and Sellers shall sell and transfer the Shares to Purchaser, free and clear of any Encumbrance.

2.2 Closing. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Nixon Peabody LLP, 555 West Fifth Street, 46th Floor, Los Angeles, California at 10:00 a.m. (Pacific Standard Time) on the date that is the earlier of September 1, 2014 or when the Purchaser and Sellers have completed or received waivers for their respective conditions to closing under Article VIII below (the "Closing Date").

ARTICLE III

CONSIDERATION

3.1 Consideration. The aggregate consideration for the Shares shall be (a) an amount equal to Two Million Dollars ($2,000,000), plus the amount equal to fifty percent (50%) of the amount required to pay off and discharge the SBA Loan at Closing (not to exceed $170,000), plus the amount required to pay off and discharge the CBB Term Loan at Closing (collectively, the "Purchase Price"), plus (b) stock warrants (the "Stock Warrants") representing 1,000,000 Shares of stock in Apollo Medical Holdings, Inc. ("Holdings") at the strike price of $1.00 per share, with an expiration date no earlier than the third anniversary of the Closing and no later than the fourth (4th) anniversary of the Closing, plus an additional contingent amount of One Million Dollars ($1,000,000), calculated in accordance with Section 3.4 below.

3.2 Closing Payment. Immediately prior to the Closing, the Purchaser shall wire transfer the Purchase Price in immediately available funds into the Escrow Account. The Escrow Agreement shall provide for the release to the Sellers on Closing, an amount equal to the (i) Purchase Price *less* (ii) all disbursements as referenced in Section 6 of the Escrow Agreement (the "Closing Payment").

3.3 Adjustment of Purchase Price.

(a) Sellers' Reference Statement. Attached hereto as Schedule 3.3(a) is a schedule containing Net Working Capital as of the Closing Date as of the date hereof (the "Sellers' Reference Statement"). The Sellers represent and warrant to the Purchaser that the Sellers' Reference Statement was prepared in accordance with GAAP consistent with past practice and in good faith from the books and records of the Company, subject to the accounting principles agreed to by the parties and as reflected in the Sellers' Reference Statement.

(b) Closing Statement. No later than thirty (30) days following the Closing Date, the Purchaser shall prepare and deliver to the Sellers a written statement of the Net Working Capital as of the Closing Date together with a detailed analysis of the line items included therein (the "Closing Statement"). The Sellers shall have a period of up to thirty (30) days from the receipt of the Closing Statement to review the Purchaser's Closing Statement, during which period the Sellers shall, and the Purchaser shall cause the Company to, make available to the Sellers all relevant books and records in the Purchaser's possession or control and all personnel with knowledge of information relevant to the determination of the Net Working Capital as of the Closing Date. If as a result of such review, the Sellers disagree with the Closing Statement, the Sellers shall deliver to the Purchaser a written notice of disagreement (a "Dispute Notice") prior to the expiration of such thirty (30) day review period setting forth the basis for such dispute.

(c) Acceptance; Failure to Respond. If the Sellers do not disagree with the Purchaser's Closing Statement, the Sellers shall deliver a written statement to the Purchaser within such thirty (30) day period accepting the Closing Statement (an "Acceptance Notice"), in which case the Purchaser's determination of the Net Working Capital as of the Closing Date as shown on the Closing Statement shall be final and binding on the parties, effective as of the date on which the Purchaser receives the Acceptance Notice. If the Sellers do not deliver a Dispute Notice or an Acceptance Notice within such thirty (30) day period, then the Purchaser's determination of the Net Working Capital as of the Closing Date as shown on the Closing Statement shall be final and binding on the parties, effective as of the first Business Day after the expiration of such thirty (30) day review period.

(d) Resolution of Disputes. If the Sellers deliver a Dispute Notice to the Purchaser in a timely manner, then the Purchaser and the Sellers shall attempt in good faith to resolve such dispute within thirty (30) days from the date of the Dispute Notice. If the Purchaser and the Sellers cannot reach agreement within such thirty (30) day period (or such longer period as they may mutually agree), then the dispute shall be promptly referred to an independent accounting firm of national reputation mutually acceptable to the Purchaser and the Sellers, or if the parties are unable to agree on such a firm within ten (10) days (or such longer period as they may mutually agree), to BDO (the "Independent Auditor") for binding resolution. The Independent Auditor shall determine the Net Working Capital as of the Closing Date (which amount may not be greater than as set forth in the Sellers' Dispute Notice or less than as set forth in the Purchaser's Closing Statement) in accordance with the provisions of this Agreement as promptly as may be reasonably practicable and shall endeavor to complete such process within a period of no more than sixty (60) days. The Independent Auditor may conduct such proceedings as the Independent Auditor, in its sole discretion, determines will assist in the determining the Net Working Capital as of the Closing Date and shall deliver to the Purchaser and the Sellers concurrently a written opinion setting forth a final determination of the Net Working Capital as of the Closing Date calculated in accordance with the provisions of this Agreement. The determination of the Independent Auditor shall be final and binding on the Purchaser and the Sellers, effective as of the date the Independent Auditor's written opinion is received by the Purchaser and the Sellers. The Sellers and the Purchaser shall each be responsible for one-half of the costs and expenses of the Independent Auditor. The Sellers and the Purchaser shall each bear their own legal, accounting and other fees and expenses of participating in such dispute resolution procedure. The Net Working Capital as of the Closing Date as finally determined pursuant to clause (d) or clause (e) of this Section 3.3, is referred to as the "Actual Net Working Capital as of the Closing Date."

(e) Final Settlement. If the Actual Net Working Capital as of the Closing Date is less than Nine Hundred Twenty-Five Thousand Nine Hundred Forty-Six Dollars ($925,946) (the "Target Amount"), then, subject to the following sentence, the Sellers shall, within five (5) business days of the date of final determination of the Actual Net Working Capital as of the Closing Date, pay to the Purchaser the amount equal to the absolute value of the difference between the Target Amount and the Actual Net Working Capital as of the Closing Date, together with interest on the amount of such difference calculated at the rate of four percent (4%) per annum from the Closing Date to the date of payment, such payment to be made by wire transfer of immediately available funds to such bank account as the Purchaser may designate (or in the absence of any such designation, by corporate check mailed to the Purchaser).

Any and all payments made pursuant to this Section 3.3 shall be consistently treated as adjustments to the Purchase Price for all Tax purposes by the Sellers and the Purchaser.

3.4 Contingent Purchase Payment. As part of the consideration for the transactions hereunder, Purchaser shall create a fund of One Million Dollars ($1,000,000) (the "Contingent Purchase Payment"), which shall be available to pay the Sellers in connection with personal services performed on behalf of the Company (under the Employment Agreements executed by each Seller with the Company contemporaneous with the Closing) as follows:

(a) At the end of each December and June for the first two years following the Closing, each Seller shall be eligible to receive additional consideration based on the following criteria:

(i) Such Seller shall have achieved a wRVU of at least 10,550 for the six-month period just ended (the "Baseline").

(ii) Purchaser shall pay or cause the Company to pay such Seller a sum equal to the wRVUs for such six-month period above the Baseline, multiplied by $45.00.

(b) Such additional payments to Sellers shall be subject to the following caps:

(i) $200,000 in the case of Seller Dr. Stanley Lau ("Lau"), and $50,000 in the case of Seller Dr. Yih Jen Kok ("Kok") for services rendered during the second half of 2014,

(ii) $400,000 in the case of Lau, and $100,000 in the case of Kok, for services rendered during 2015, and

(iii) 80% in the case of Lau, and 20% in the case of Kok, of the balance remaining of the Contingent Purchase Payment, for services rendered in the first half of 2016.

(c) Only CPT codes which are deemed covered services by Medicare or the applicable payor may be included in the computation of wRVUs.

(d) Such payments shall be calculated as of end of each six-month period ending December and June as described above, and shall be paid to each Seller, as applicable, no later than thirty (30) days following the calculation date.

(e) For purposes of this Section 3.4, the following definitions shall apply:

(i) Work Relative Value Units ("wRVUs") refers to the specific Relative Value Units for the physician work component associated with each approved CPT code billable under the Medicare program. The wRVU units or weights are established by the Centers for Medicare and Medicaid Services (CMS) and are updated periodically. The most recent updates to the wRVU values will be utilized for the purposes herein. The wRVUs shall be limited to those wRVUs personally generated by each Seller (including any readings and interpretations performed by such Seller).

(ii) wRVUs, for purposes of this Agreement and the calculation of any monies due each Seller, does not include the CPT codes associated services that are not provided for Company patients.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SELLERS AND THE COMPANY

Except as specifically set forth in the disclosure schedule prepared by the Sellers and the Company, dated as of the date hereof, and delivered to the Purchaser concurrently with the parties' execution of this Agreement setting forth specific exceptions to the Sellers' and Company's representations and warranties set forth herein in accordance with Article IV (collectively, the "Disclosure Schedule"), the Sellers and the Company, jointly and severally, represent and warrant to the Purchaser as of the date hereof and through the Closing Date, as follows:

4.1 Organization and Good Standing.

(a) The Company is a professional corporation duly organized, validly existing and in good standing under the laws of the California and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted to own or use its assets, and to perform all its obligations under Applicable Contracts.

(b) The Sellers have delivered to the Purchaser accurate and complete copies of the certificate of incorporation and bylaws as amended to date and currently in effect, and there has been no violation of any of the provisions of the Company's certificate of incorporation or bylaws.

(c) The Company has not conducted business under or otherwise used, for any purpose or in any jurisdiction, any legal, fictitious, assumed, or trade name other than "Southern California Heart Centers, A Medical Corporation" and "Synergy Imaging Center Inc."

4.2 Authorization; Due Execution.

(a) Each Seller and the Company has the absolute and unrestricted right, power, authority and capacity to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement to which he, she, or it is a party in connection with the consummation of the transactions contemplated by this Agreement (together with this Agreement, the "Seller Documents"), and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each of the Sellers Documents by each Seller and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all required corporate action on the part of the Company, its board of directors and stockholders, and no other corporate proceedings on the part of the Company are necessary to authorize the execution, delivery and performance of this Agreement and the Seller Documents by the Company or the Sellers or to consummate the transactions contemplated hereby or thereby.

(b) This Agreement has been, and each of the Sellers Documents will be at or prior to the Closing, duly and validly executed and delivered by each Seller and the Company and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each of the Sellers Documents when so executed and delivered will constitute, legal, valid and binding obligations of each Seller and the Company, enforceable against each Seller and the Company in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

4.3 Conflicts; Consents of Third Parties.

(a) The execution and delivery by the Sellers of this Agreement or the Sellers Documents, the consummation of the transactions contemplated hereby or thereby, or the compliance by the Sellers with any of the provisions hereof or thereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or give rise to any obligation of the Company to make any payment under, or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under, or result in the creation of any Liens upon any of the properties or assets of the Company under, any provision of (i) the certificate of incorporation and bylaws of the Company; (ii) any Contract or Permit to which the Company is a party or by which any of the properties or assets of Business or the Company are bound; (iii) any Order of any Governmental Body applicable to the Business or the Company, or any of the properties or assets of the Business, or the Company as of the date hereof; or (iv) any applicable Law, other than, in the case of clauses (ii), (iii) and (iv), such conflicts, violations, defaults, terminations or cancellations, that would not have a Material Adverse Effect.

(b) Other than as set forth inSection 4.3 of the Disclosure Schedule, no consent, waiver, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of the Company in connection with (i) the execution and delivery of this Agreement or the Sellers Documents, the compliance by the Sellers with any of the provisions hereof, or the consummation of the transactions contemplated hereby, or (ii) the continuing validity and effectiveness immediately following the Closing of any Permit or Contract of the Company.

4.4 No Subsidiaries. The Company does not have, and has never had, any Subsidiaries, and Company does not own or hold any shares of capital stock or other security or interest in any other Person or any rights to acquire any such security or interest.

4.5 Outstanding Shares; No Restrictions.

(a) The authorized equity securities of the Company consist of 100,000 shares of Class A Common Stock, and 100 shares of Class B Common Stock, of which 10,000 shares of Class A Common Stock and 20 shares of Class B Common Stock, constituting the Shares, are issued and outstanding. Sellers are the owners (of record and beneficially) of all of the Shares, free and clear of all Encumbrances, including any restriction on the right of any Seller to transfer the Shares to Purchaser pursuant to this Agreement. The assignments, endorsements, stock powers, or other Instruments of transfer to be delivered by each Seller to Purchaser at the Closing will be sufficient to transfer such Seller's entire interest in the Shares (of record and beneficially) owned by such Seller. Upon transfer to Purchaser of the certificates representing the Shares, Purchaser will receive good title to the Shares, free and clear of all Encumbrances. Section 4.5(a) of the Disclosure Schedule lists Sellers and the number of Shares held by each Seller.

(b) Company does not own nor is it a party to or bound by any Contract to acquire, any shares or other security of any Person or any direct or indirect equity or ownership interest in any other business. The Company is not obligated to provide funds to or make any investment (whether in the form of a loan, capital contribution, or otherwise) in any other Person.

(c) There are no outstanding options, warrants, and/or convertible securities pertaining to or issued by the Company. The Company only authorized or issued two (2) classes of common stock and the Shares comprise all of the issued shares of such classes of stock.

4.6 Financial Statements and Records.

(a) Section 4.6 of the Disclosure Schedule contains a true and complete copy of the following financial statements of the Company: (i) the unaudited balance sheets of the Company and the related unaudited statements of income and of cash flows of the Company for the calendar year ending December 31 for each of 2011, 2012 and, 2013 and (ii) the unaudited balance sheet of the Company as of April 30, 2014 and the related statements of income and cash flows of the Company for the four (4)-month period then ended (the "Unaudited Interim Financial Statements") (such unaudited statements, including the related notes and schedules thereto, are referred to herein as the "Financial Statements").

(b) Each of the Financial Statements is complete and correct in all material respects, has been prepared in accordance with GAAP consistently applied by the Company without modification of the accounting principles used in the preparation thereof throughout the periods presented and presents fairly in all material respects the financial position, results of operations and cash flows of the Company as at the dates and for the periods indicated therein. The Company has not incurred any further Liabilities other than in the Ordinary Course of Business, other than those Liabilities reflected in the Company's balance sheet as of April 30, 2014, provided to Purchaser, including the projected incurred but not reported Liabilities as described in such balance sheet.

(c) The Company makes and keeps books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets. The Company maintains systems of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

(d) [Intentionally omitted.]

(e) The minute book of the Company contains complete and correct records of all meetings held, and actions taken by written consent, of the holders of voting securities, the board of directors or Persons exercising similar authority, and committees of the board of directors or such Persons of the Company, and no meeting of any such holders, board of directors, Persons, or committee has been held, and no other action has been taken, for which minutes or other evidence of action have not been prepared and are not contained in such minute books. The Company has at all times maintained complete and correct records of all issuances and transfers of its shares. At the Closing, all such minute books and records will be in the possession of the Company and located at its principal office.

4.7 No Undisclosed Liabilities. In addition to the representation in Section 4.6(b) regarding incurred but not reported Liabilities, the Company has no Liabilities except for those Liabilities: (i) identified as such in the "liabilities" column of the balance sheet included in the Unaudited Interim Financial Statements; (ii) incurred subsequent to the date of the Unaudited Interim Financial Statements in the Ordinary Course of Business; and (iii) under Contracts entered into by the Company in the Ordinary Course of Business that are not required under GAAP to be reflected in the Financial Statements (none of which is a liability resulting from breach of contract, breach of warranty, tort, infringement, claim or lawsuit).

4.8 Condition and Sufficiency of Assets.

(a) To Sellers' Knowledge, the buildings, equipment, and other assets (whether real or personal, tangible or intangible) owned or leased by the Company are structurally sound, in good operating condition and repair, and adequate for the uses to which they are being put, and none of such buildings, equipment or other assets is in need of maintenance or repairs other than ordinary, routine maintenance that is not material in nature or cost.

(b) The assets owned and leased (whether real or personal, tangible or intangible) by the Company constitutes all the assets used in connection with the Business. Such assets constitute all the assets necessary for the Company to continue to conduct its business from and after the Closing Date without interruption as it has been conducted by the Company prior to the date of this Agreement.

4.9 Absence of Certain Developments.

(a) Except as expressly contemplated by this Agreement or as set forth on Section 4.9 of the Disclosure Schedule, since April 30, 2014, (i) the Company has conducted the Business only in the Ordinary Course of Business, (ii) there has not been any damage, destruction or loss with respect to any material property or asset of the Business, (iii) issuance of or change in the authorized or issued shares of the Company; purchase, redemption, retirement, or other acquisition by the Company of any shares of the Company; or declaration or payment of any dividend or other distribution or payment in respect of the shares of the Company, and (iv) there has not been any event, change, occurrence or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

(b) Without limiting the generality of the foregoing and except as set forth on Section 4.9 of the Disclosure Schedule, since April 30, 2014, the Company has not:

(i) declared, set aside or paid any dividend or made any other distribution in respect of any shares of capital stock (or other equity interest) of the Company;

(ii) repurchased, redeemed or acquired any outstanding shares of capital stock (or other equity interest) or other securities of, or other ownership interest in, the Company;

(iii) awarded or paid any bonuses to any Business Employee (as defined in Section 4.11(b)) or any Physician (as defined in Section 4.11(a)), other than as set forth on the Disclosure Schedule;

(iv) entered into any employment, deferred compensation, severance or similar agreement (nor amended any such agreement) or agreed to increase the compensation payable or to become payable by it to any of the Company's directors, officers, employees, agents or representatives or agreed to increase the coverage or benefits available under the Company Benefit Plan (as defined in 4.12(a));

(v) changed its accounting or Tax reporting principles, methods or policies;

(vi) made or rescinded any election relating to Taxes, settled or compromised any claim relating to Taxes;

(vii) failed to promptly pay and discharge current Liabilities except where disputed in good faith by appropriate proceedings;

(viii) made any loans, advances or capital contributions to, or investments in, any Person or paid any fees or expenses to any director, officer, partner, stockholder or Affiliate;

(ix) mortgaged, pledged or subjected to any Lien any of its assets, properties or rights relating to the Business;

(x) terminated, entered into or amended any Material Contract (as defined in Section 4.17(a));

(xi) made or committed to make any capital expenditures in excess of $10,000 individually or $25,000 in the aggregate;

(xii) issued, created, incurred, assumed or guaranteed any Indebtedness;

(xiii) suffered any material change in the productivity or compensation of the Physicians (as defined in Section 4.11(a)) as reflected in Section 4.11(a) of the Disclosure Schedule;

(xiv) instituted or settled any Legal Proceeding; or

(xv) agreed, committed, arranged or entered into any agreement to do any of the foregoing.

4.10 Taxes.

(a) The Company (i) has timely filed all Tax Returns required to be filed by or on behalf of the Company and such Tax Returns have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; and (ii) have fully and timely paid all Taxes payable by or on behalf of the Company. With respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due or owing, the Company have made due and sufficient accruals for such Taxes in the Financial Statements and its books and records. All required estimated Tax payments sufficient to avoid any underpayment penalties have been made by or on behalf of the Company.

(b) The Company has complied in all material respects with all applicable Laws relating to the payment and withholding of Taxes and has duly and timely withheld and paid over to the appropriate Taxing Authority all amounts required to be so withheld and paid under all applicable Laws. No claim has been made by a Taxing Authority in a jurisdiction where the Company does not file Tax Returns such that it is or may be subject to taxation by that jurisdiction.

(c) All deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority of the Tax Returns of, or including, the Company have been fully paid, and there are no other audits or investigations by any Taxing Authority in progress. The Company has not received any notice from any Taxing Authority that it intends to conduct such an audit or investigation. No issue has been raised by a Taxing Authority in any prior examination of the Company which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period.

(d) The Company is not a party to any tax sharing, allocation, indemnity or similar agreement or arrangement (whether or not written) pursuant to which it will have any obligation to make any payments after the Closing. There are no liens as a result of any unpaid Taxes upon any of the assets of the Company.

4.11 Physicians; Business Employees.

(a) Section 4.11(a) of the Disclosure Schedule contains a complete and accurate list of all physicians who provide services, professional or otherwise, on behalf of the Company (collectively, the "Physicians") and accurately and correctly reflects for each Physician: (i) their respective California medical license numbers, (ii) their subspecialties of practice, (iii) productivity and compensation information for the preceding three (3) years from the date of this Agreement, and all fringe benefits provided by the Company, and (iv) a detailed description of any situation in which a Physician's professional privileges or rights of any kind, including medical staff privileges, licensure, or Medicare or Medi-Cal certification, are or have been reviewed, suspended, terminated, curtailed, or a proctor assigned by the Company or any Governmental Body. To the Sellers' and Company's Knowledge, there are no pending or threatened disputes of any nature between the Company and any Physician or allied health professionals.

(b) Section 4.11(b) of the Disclosure Schedule contains a complete and accurate list of all persons (other than Physicians) who are employees, independent contractors or consultants of the Business as of the date hereof (collectively, the "Business Employees"), and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current annual base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof.

(c) To Sellers' Knowledge, no Person has claimed or has reason to claim that any Physician, Business Employee or other Person affiliated with the Company: (i) is in violation of any term of any employment Contract, patent disclosure agreement, noncompetition agreement or any restrictive covenant with such Person; (ii) has disclosed or utilized any Trade Secret or proprietary information or documentation of such Person; or (iii) has interfered in the employment relationship between such Person and any of its present or former employees. To the Knowledge of the Sellers, no Physician, Business Employee or other Person affiliated with the Company has used or proposed to use any Trade Secret, information or documentation proprietary to any former employer or violated any confidential relationship with any Person in connection with the development, manufacture or sale of any product or proposed product, or the development or sale of any service or proposed service, of the Company.

(d) To the Knowledge of the Company and the Sellers all Physicians and Sellers plan to remain employees of the Company for at least two (2) years following the Closing Date.

4.12 Company Benefit Plans.

(a) Section 4.12(a) of the Disclosure Schedule sets forth a complete and correct list of: (i) all "employee benefit plans", as defined in Section 3(3) of ERISA, and all other employee benefit arrangements or payroll practices, including, without limitation, bonus plans, consulting or other compensation agreements, incentive, equity or equity-based compensation, or deferred compensation arrangements, stock purchase, severance pay, sick leave, vacation pay, salary continuation, disability, hospitalization, medical insurance, life insurance, scholarship programs maintained by the Company and its Subsidiaries or to which the Company contributed or is obligated to contribute thereunder for current or former employees of the Company (the "Employee Benefit Plans"), and (ii) all "employee pension plans", as defined in Section 3(2) of ERISA, subject to Title IV of ERISA or Section 412 of the Code, maintained by the Sellers and any trade or business (whether or not incorporated) which are or have ever been under common control, or which are or have ever been treated as a single employer, with the Company under Section 414(b), (c), (m) or (o) of the Code ("ERISA Affiliate") or to which the Sellers and any ERISA Affiliate contributed or has ever been obligated to contribute thereunder (the " ERISA Affiliate Plans "). Section 4.12(a) of the Disclosure Schedule separately sets forth each Company or ERISA Affiliate Plan which is a multiemployer plan as defined in Section 3(37) of ERISA ("Multiemployer Plans"), or has been subject to Sections 4063 or 4064 of ERISA ("Multiple Employer Plans").

(b) True, correct and complete copies of the following documents, with respect to each of the Employee Benefit Plans and ERISA Affiliate Plans (as applicable), have been delivered to the Purchaser (i) any plans and related trust documents, and all amendments thereto, (ii) the most recent Forms 5500 for the past three (3) years and schedules thereto, (iii) the most recent financial statements and actuarial valuations for the past three (3) years, (iv) the most recent IRS determination letter, (v) the most recent summary plan descriptions (including letters or other documents updating such descriptions) and (vi) written descriptions of all non-written agreements relating to the Employee Benefit Plans and ERISA Affiliate Plans.

(c) Each of the Employee Benefit Plans and ERISA Affiliate Plans intended to qualify under Section 401 of the Code ("Qualified Plans") so qualify and the trusts maintained thereto are exempt from federal income taxation under Section 501 of the Code, and, except as disclosed on Schedule 5.13(c), nothing has occurred with respect to the operation of any such plan which could cause the loss of such qualification or exemption or the imposition of any liability, penalty or tax under ERISA or the Code.

(d) All contributions and premiums required by law or by the terms of any Employee Benefit Plan or ERISA Affiliate Plan or any agreement relating thereto have been timely made (without regard to any waivers granted with respect thereto) to any funds or trusts established thereunder or in connection therewith, and no accumulated funding deficiencies exist in any of such plans subject to Section 412 of the Code, and all contributions for any period ending on or before the Closing Date which are not yet due will have been paid or accrued on the Company's balance sheet on or prior to the Closing Date.

(e) The benefit liabilities, as defined in Section 4001(a)(16) of ERISA, of each of the Employee Benefit Plans and ERISA Affiliate Plans subject to Title IV of ERISA using the actuarial assumptions that would be used by the Pension Benefit Guaranty Corporation (the "PBGC") in the event it terminated each such plan do not exceed the fair market value of the assets of each such plan. The liabilities of each Employee Benefit Plan that has been terminated or otherwise wound up, have been fully discharged in full compliance with applicable Law.

(f) There has been no "reportable event" as that term is defined in Section 4043 of ERISA and the regulations thereunder with respect to any of the Employee Benefit Plans or ERISA Affiliate Plans subject to Title IV of ERISA which would require the giving of notice, or any event requiring notice to be provided under Section 4041(c)(3)(C) or 4063(a) of ERISA.

(g) None of the Company, any ERISA Affiliate or any organization to which the Company is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction, within the meaning of Section 4069 of ERISA.

(h) None of the Employee Benefit Plans which are "welfare benefit plans" within the meaning of Section 3(1) of ERISA provide for continuing benefits or coverage for any participant or any beneficiary of a participant post-termination of employment except as may be required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and at the expense of the participant or the participant's beneficiary. Each of the Company and any ERISA Affiliate which maintains a "group health plan" within the meaning of Section 5000(b)(1) of the Code has complied with the notice and continuation requirements of Section 4980B of the Code, COBRA, Part 6 of Subtitle B of Title I of ERISA and the regulations thereunder.

(i) There has been no violation of ERISA or the Code with respect to the filing of applicable returns, reports, documents and notices regarding any of the Employee Benefit Plans or ERISA Affiliate Plans with the Secretary of Labor or the Secretary of the Treasury or the furnishing of such notices or documents to the participants or beneficiaries of the Employee Benefit Plans or ERISA Affiliate Plans.

(j) There are no pending Legal Proceedings which have been asserted or instituted against any of the Employee Benefit Plans or ERISA Affiliate Plans, the assets of any such plans or the Company, or the plan administrator or any fiduciary of the Employee Benefit Plans or ERISA Affiliate Plans with respect to the operation of such plans (other than routine, uncontested benefit claims), and there are no facts or circumstances which could form the basis for any such Legal Proceeding.

(k) Each of the Employee Benefit Plans and ERISA Affiliate Plans has been maintained, in all material respects, in accordance with its terms and all provisions of applicable Law. All amendments and actions required to bring each of the Employee Benefit Plans and ERISA Affiliate Plans into conformity in all material respects with all of the applicable provisions of ERISA and other applicable Laws have been made or taken except to the extent that such amendments or actions are not required by Law to be made or taken until a date after the Closing Date and are disclosed on Section 4.12(k) of the Disclosure Schedule.

(l) The Sellers and any ERISA Affiliate which maintains a "benefits plan" within the meaning of Section 5000(b)(1) of ERISA, have complied with the notice and continuation requirements of Section 4980B of the Code or Part 6 of Title I of ERISA and the applicable regulations thereunder.

(m) None of the Company or any ERISA Affiliate or any organization to which any is a successor or parent corporation, has divested any business or entity maintaining or sponsoring a defined benefit pension plan having unfunded benefit liabilities (within the meaning of Section 4001(a)(18) of ERISA) or transferred any such plan to any person other than the Sellers or any ERISA Affiliate during the five-year period ending on the Closing Date.

(n) Neither the Company nor any "party in interest" or "disqualified person" with respect to the Employee Benefit Plans or ERISA Affiliate Plans has engaged in a non-exempt "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA.

(o) None of the Company or any ERISA Affiliate has terminated any Employee Benefit Plan or ERISA Affiliate Plan subject to Title IV of ERISA, or incurred any outstanding liability under Section 4062 of ERISA to the Pension Benefit Guaranty Corporation or to a trustee appointed under Section 4042 of ERISA.

(p) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment becoming due to any employee of Company; (ii) increase any benefits otherwise payable under any Employee Benefit Plan or ERISA Affiliate Plan; or (iii) result in the acceleration of the time of payment or vesting of any such benefits.

(q) The Company is not a party to any contract, plan or commitment, whether legally binding or not, to create any additional Employee Benefit Plan or ERISA Affiliate Plan, or to modify any existing Employee Benefit Plan or Pension Pan.

(r) No stock or other security issued by the Company forms or has formed a material part of the assets of any Employee Benefit Plan or ERISA Affiliate Plan.

(s) Any individual who performs services for the Company (other than through a contract with an organization other than such individual) and who is not treated as an employee for federal income Tax purposes by the Company is not an employee for such purposes.

4.13 Physician Productivity and Compensation Information. Section 4.11(a) of the Disclosure Schedule sets forth true and correct copies of all of the physician productivity and compensation information for the Physicians. The physician productivity and compensation information for the Physicians listed on Section 4.11(a) of the Disclosure Schedule is true, complete and accurate and fairly presents the condition and results of physician operations and services of the Company as of the respective dates thereof and for the periods therein referred to.

4.14 Real Property. The Company does not own (and has never owned) any real property.Section 4.14 of the Disclosure Schedule sets forth a list of all real property currently leased by the Company or otherwise used or occupied by the Company for the operation of the Business (the "Leased Real Property"). To the Knowledge of the Company, the Leased Real Property is (i) in good operating condition and repair, and is free from structural, physical and mechanical defects; (ii) maintained in a manner consistent with standards generally followed with respect to similar properties; and (iii) available for use in and sufficient for the purposes and current demands of the Business and operation of the Company as currently conducted.

4.15 Tangible Personal Property. Section 4.15 of the Disclosure Schedule sets forth (i) all leases of personal property ("Personal Property Leases") involving annual payments in excess of $5,000 relating to personal property used in the Business or to which the Company are a party or by which the properties or assets relating to the Business are bound and (ii) all items of tangible personal property which, individually or in the aggregate, are material to the operation of the Business. The Company has good and marketable title to all of the items of tangible personal property reflected on Section 4.15 of the Disclosure Schedule, free and clear of any and all Liens, other than the Permitted Exceptions. The Company has a valid and enforceable leasehold interest under each of the Personal Property Leases, and each of the Personal Property Leases is in full force and effect. There is no default under any Personal Property Lease by the Company or, to the Knowledge of the Sellers, by any other party thereto, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a default thereunder. No party to any of the Personal Property Leases has exercised any termination rights with respect thereto. Execution of this Agreement and consummation of the transactions contemplated herein does not constitute a breach or a default under any of the Personal Property Leases, except as explicitly noted on Section 4.3 of the Disclosure Schedule, for which Company shall obtain the necessary consents prior to the Closing Date.

4.16 Intellectual Property.

(a) Section 4.16 of the Disclosure Schedule sets forth an accurate and complete list of all Intellectual Property Licenses and all Patents, registered Marks, pending applications for registrations of any Marks and unregistered Marks, registered Copyrights, and pending applications for registration of Copyrights, owned or filed by the Company or its Affiliates and used in the Business. The Company is the sole and exclusive owners of all right, title and interest in and to all of the Patents, the Marks, each of the registered Copyrights and pending applications filed by the Company. Except as disclosed in Section 4.16 of the Disclosure Schedule, the Company is the sole and exclusive owner of, or has valid and continuing rights to use, sell and license, as the case may be, all other Purchased Intellectual Property used, sold or licensed by the Company in the Business as presently conducted and as currently proposed to be conducted, free and clear of all Liens or obligations to others.

(b) Except with respect to licenses of commercial off-the-shelf software, the Company is not required, obligated, or under any Liability whatsoever, to make any payments by way of royalties, fees or otherwise to any owner, licensor of, or other claimant to any Intellectual Property, or other third party, with respect to the use thereof or in connection with the conduct of the Business. No Trade Secret or any other non-public, proprietary information material to the Business has been authorized to be disclosed or, to the Knowledge of the Sellers, has been actually disclosed by the Company to any employee or any third party other than pursuant to a non-disclosure agreement restricting the disclosure and use of the Purchased Intellectual Property. The Company has taken commercially reasonable security measures to protect the secrecy, confidentiality and value of all the Trade Secrets of the Business and any other confidential information, including invention disclosures, not covered by any patents owned or patent applications filed by the Company, which measures are reasonable in the industry in which the Company operates. As of the date hereof, the Company is not the subject of any pending or, to the Knowledge of the Sellers, threatened Legal Proceedings which involve a claim of infringement, unauthorized use, or violation by any Person against the Company or challenging the ownership, use, validity or enforceability of, any material Purchased Intellectual Property. To the Knowledge of the Sellers, no Person is infringing, violating, misusing or misappropriating any material Purchased Intellectual Property used in the Business. No such claims have been made against any Person by the Company. There are no Orders to which the Company is a party or by which the Company is bound which restrict, in any material respect, the rights to use any of the Purchased Intellectual Property. No present or former employee of the Company has any right, title, or interest, directly or indirectly, in whole or in part, in any material Intellectual Property owned by Company and used in the Business. No employee, consultant or independent contractor of the Company is, as a result of or in the course of such employee's, consultant's or independent contractor's engagement by the Company, in default or breach of any material term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement.

4.17 Material Contracts.

(a) Section 4.17 of the Disclosure Schedule sets forth all of the following Contracts to which the Company is a party or by which the Company is bound and that are related to the Business (collectively, the "Material Contracts"):

(i) any Contract with a licensed healthcare service plan;

(ii) Contracts with any current or former officer, director, stockholder or Affiliate of the Company;

(iii) Contracts for the sale of any of the assets of the Company or for the grant to any person of any preferential rights to purchase any of its assets;

(iv) Contracts for joint ventures, strategic alliances or partnerships;

(v) Contracts containing covenants of the Company not to compete in any line of business or with any Person in any geographical area or covenants of any other Person not to compete with the Company in any line of business or in any geographical area;

(vi) Contracts relating to the acquisition by the Company of any operating business or the capital stock of any other Person;

(vii) Contracts relating to the incurrence, assumption or guarantee of any Indebtedness or imposing a Lien on any of its assets;

(viii) Contracts under which the Company have made advances or loans to any other Person;

(ix) Contracts providing for severance, retention, change in control or other similar payments to any Company Employee;

(x) Contracts for the employment of any individual on a full-time, part-time or consulting or other basis;

(xi) Contracts for the provision of goods or services involving consideration in excess of $10,000 annually or $25,000 in the aggregate over the term of the Contract;

(xii) Contracts (or group of related contracts) which involve the expenditure of more than $10,000 annually or $25,000 in the aggregate or require performance by any party more than one year from the date hereof;

(xiii) any Intellectual Property Licenses;

(xiv) all non-disclosure, confidentiality, or non-solicitation agreements between (A) the Company and any of its current or former employees, consultants or agents, and (B) the Company and any other Person; and

(xv) Contracts otherwise material to the Business.

(b) Each Material Contract is in full force and effect and is the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). The Company is not in default under any Material Contract, and, to the Knowledge of the Sellers, no other party to any Material Contract in default thereunder. No event has occurred that with the lapse of time or the giving of notice or both would constitute a default under any Material Contract. No party to any of the Material Contracts has exercised any termination rights with respect thereto. The Company has delivered or otherwise made available to the Purchaser true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto. Execution of this Agreement and consummation of the transactions contemplated herein does not constitute a breach or a default under any of the Material Contracts, except as explicitly noted on Section 4.3 of the Disclosure Schedule, for which Company shall obtain the necessary consents prior to the Closing Date.

4.18 Litigation. There is no Legal Proceeding pending or, to the Knowledge of the Sellers, threatened against the Company (or pending or threatened, against any of the officers, or directors of the Company, Physicians, or Business Employees with respect to their business activities on behalf of the Company), or to which the Company or any Seller is otherwise a party before any Governmental Body, nor is there any reasonable basis for any such Legal Proceeding.

4.19 Compliance with Laws; Permits.

(a) Compliance. Company has not failed to comply with or has violated any Law applicable to the Business, including Environmental Laws. No investigation or review by any Governmental Body is pending or, to the Knowledge of the Sellers, has been threatened against the Company. No event has occurred, and no condition or circumstance exists, that will (with or without notice or lapse of time) constitute or result in a violation by the Sellers of, or a failure on the part of the Company to comply with, any applicable Law. The Company has never received any notice or other communication from any Person regarding any actual or possible violation of, or failure to comply with, any applicable Law.

(b) Orders. There is no Order binding upon the Company or to which any assets owned or used by the Company is subject, including any Orders or Contracts with respect to (i) Environmental Laws, (ii) Remedial Action or (iii) any Release or threatened Release of a Hazardous Material. Neither of the Sellers is subject to any Order that prohibits such Seller from engaging in or continuing any conduct, activity or practice relating to the Business.

(c) Permits. The Company holds, to the extent required by applicable Law, all Permits from, and has made all declarations and filings with, all Governmental Bodies for the operation of its business as presently conducted, including the sale, transport, export, import or shipment of any items or materials (whether in tangible form or otherwise) to any jurisdiction. No suspension or cancellation of any such Permit is pending or, to the Knowledge of the Sellers, threatened, each such Permit is valid and in full force and effect, and the Company is and always has been in compliance with the terms of such Permits. Section 4.19(c) of the Disclosure Schedule provides an accurate and complete list of all Permits held by the Company, and the Sellers have delivered to the Purchaser accurate and complete copies of each such Permit. The Company has never received any notice or other communication from any Governmental Body regarding: (i) any actual or possible violation of or failure to comply with any term or requirement of any Permit; or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Permit.

(d) Government Reimbursement Programs. The Company is qualified for participation in and has current and valid provider contracts with the Government Reimbursement Programs and/or their carriers and complies with the conditions of participation therein. The Company is entitled to payment under the Government Reimbursement Programs for services rendered to qualified beneficiaries. Except to the extent the Company's Liabilities and contractual adjustments under the Government Reimbursement Programs have been properly reflected and adequately reserved in the Financial Statements, to the Seller's and Company's Knowledge, neither the Company nor any Physician has received or submitted any false or misleading claim for payment and neither the Company nor the Physicians have received written notice of any dispute or claim by any Governmental Body, carrier or other Person regarding the Government Reimbursement Programs or the Company's or Physicians' participation therein.

4.20 Inventory. The Company does not hold any Inventory.

4.21 Accounts and Notes Receivable. All Company accounts and notes receivable have arisen from bona fide transactions consistent with past practice and are payable on ordinary trade terms. All Company accounts and notes receivable reflected on the Unaudited Interim Financial Statements are good and collectible at the aggregate recorded amounts thereof, net of any applicable reserve for returns or doubtful accounts reflected thereon, which reserves are adequate and were calculated in a manner consistent with past practice and in accordance with GAAP consistently applied. All accounts and notes receivable arising after the date of the Unaudited Interim Financial Statements are good and collectible at the aggregate recorded amounts thereof, net of contractual allowances, any applicable reserve for returns or doubtful accounts, which reserves are adequate and were calculated in a manner consistent with past practice and in accordance with GAAP consistently applied. None of the Company accounts or the notes receivable (i) are, to the Knowledge of the Sellers, subject to any setoffs or counterclaims, or (ii) represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement. All cash collected or received by or on behalf of the Company with respect to any accounts and notes receivable has been accurately recorded and applied to such outstanding Company accounts and notes receivable as of the date hereof and as of the Closing Date.

4.22 Related Party Transactions. Except as set forth in Section 4.22 of the Disclosure Schedule, no director, officer, partner, stockholder or Affiliate of the Company owns any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of, any Person which is (A) a competitor, supplier, customer, landlord, tenant, creditor or debtor of the Business, or (B) engaged in a business related to the Business.

4.23 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Company, its Affiliates, or any Seller in connection with the transactions contemplated by this Agreement, and no Person is entitled to any fee or commission or like payment in respect thereof.

4.24 Insurance. The Company has insurance policies in full force and effect for such amounts as are sufficient for all requirements of Law and all agreements to which the Company is a party or by which it is bound, including professional liability policies covering professional services provided by all Physicians and all applicable Business Employees. Set forth on Section 4.24 of the Disclosure Schedule is a complete and correct list of all insurance policies and all fidelity bonds held by or applicable to the Company setting forth, in respect of each such policy, the policy name, policy number, carrier, term, type and amount of coverage and annual premium. No event relating to the Company has occurred which could reasonably be expected to result in a retroactive upward adjustment in premiums under any such insurance policies or which could reasonably be expected to result in a prospective upward adjustment in such premiums. Excluding insurance policies that have expired and been replaced in the Ordinary Course of Business, no insurance policy has been cancelled within the last two (2) years and, to the Knowledge of the Sellers, no threat has been made to cancel any insurance policy of the Company during such period. All such insurance will remain in full force and effect and all such insurance is assignable or transferable to the Purchaser. No event has occurred, including, without limitation, the failure by the Company to give any notice or information or the Company giving any inaccurate or erroneous notice or information, which limits or impairs the rights of the Company under any such insurance policies.

4.25 Banks. Section 4.25 of the Disclosure Schedule contains a complete and correct list of the names and locations of all banks in which the Company has accounts or safe deposit boxes and the names of all persons authorized to draw thereon or to have access thereto. No person holds a power of attorney to act on behalf of Company.

4.26 Full Disclosure. This Agreement (including the Disclosure Schedule) does not: (i) contain any representation, warranty or information that is false or misleading with respect to any material fact; or (ii) omit to state any material fact necessary in order to make the representations, warranties and information contained herein and therein (in the light of the circumstances under which such representations, warranties and information were made or provided) not false or misleading. The Company and Sellers, jointly and severally, have no Knowledge of any information or other fact that is or may become materially adverse to the business, condition (financial or otherwise), assets, capitalization, Intellectual Property, Liabilities, operations, results of operations or financial performance of the Company that has not been set forth in this Agreement or in the Disclosure Schedule.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller that:

5.1 Organization and Good Standing. The Purchaser is a California professional corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, lease and operate properties and carry on its business.

5.2 Authorization.

(a) The Purchaser has all requisite power and authority to execute and deliver this Agreement and each other agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by the Purchaser in connection with the consummation of the transactions contemplated by this Agreement (together with this Agreement, the "Purchaser Documents"), and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each of the Purchaser Documents by the Purchaser and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all required corporate action on the part of the Purchaser and its board of directors, and no other corporate proceedings on the part of the Purchaser are necessary to authorize the execution, delivery and performance of this Agreement and the Purchaser Documents by the Purchaser or to consummate the transactions contemplated hereby or thereby.

(b) This Agreement has been, and each of the Purchaser Documents will be at or prior to the Closing, duly and validly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each of the Purchaser Documents when so executed and delivered will constitute, legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

5.3 Conflicts; Consents of Third Parties. The execution and delivery by the Purchaser of this Agreement and of the Purchaser Documents, the consummation of the transactions contemplated hereby or thereby, or the compliance by the Purchaser with any of the provisions hereof or thereof will not (i) conflict with, or result in the breach of, any provision of the certificate of incorporation or bylaws of the Purchaser, (ii) conflict with, violate, result in the breach of, or constitute a default under any note, bond, mortgage, indenture, license, agreement or other obligation to which the Purchaser is a party or by which the Purchaser or its properties or assets are bound, or (iii) violate any statute, rule, regulation or Order of any Governmental Body by which the Purchaser is bound, except, in the case of clause (ii) and (iii), for such violations, breaches or defaults as would not, individually or in the aggregate, have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement. No consent, waiver, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person is required on the part of the Purchaser in connection with the execution and delivery of this Agreement or the Purchaser Documents or the compliance by the Purchaser with any of the provisions hereof or thereof.

5 . 4 Litigation. There are no Legal Proceedings pending or, to the Knowledge of the Purchaser, threatened that are reasonably likely to prohibit or restrain the ability of the Purchaser to enter into this Agreement or consummate the transactions contemplated hereby.

5 . 5 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Purchaser in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

ARTICLE VI

COVENANTS

6 . 1 Access to Information. From the date hereof until the Closing Date, Sellers and the Company shall afford the Purchaser and its representatives reasonable access to the books and records of the Company, and the Company shall make available to the Purchaser such financial and operating data of the Company as the Purchaser may reasonably request; provided, however, that any such access or furnishing of information shall be during normal business hours upon reasonable advance notice and in such a manner as not to interfere in any significant manner with the normal operations of the Company. Notwithstanding anything herein to the contrary (i) no such investigation or examination shall be permitted to the extent that it would require the Company or the Sellers to disclose information subject to attorney-client privilege or conflict with any confidentiality obligations to which the Company or the Sellers are bound and (ii) the Purchaser shall not contact any suppliers to, or customers or employees of, the Company without the prior written consent of the Sellers (which may not be unreasonably be withheld, delayed or conditioned).

6 . 2 Conduct of the Business Pending the Closing. Except (A) as set forth onSection 6.2 of the Disclosure Schedule, (B) as required by applicable Law, (C) as otherwise contemplated by this Agreement, or (D) with the prior written consent of the Purchaser (which consent may be withheld, delayed or conditioned):

(a) the Company shall, from the date hereof prior to the Closing Date:

(i) conduct its respective businesses in the Ordinary Course of Business including the maintenance of all records;

(ii) use its best efforts to preserve the present operations and goodwill of its business;

(iii) confer with Purchaser prior to implementing operation decisions of a material nature;

(iv) report to Purchaser at such times as Purchaser may reasonably request concerning the status of the Company;

(v) maintain the assets owned or used by the Company in a state of repair and conditions that complies with the Company's Contracts and is consistent with the requirements and normal conduct of the Company;

(vi) comply with all Contracts of the Company;

(vii) continue in full force and effect all insurance coverage of the Company; and

(viii) take no action, or fail to take any reasonable action within its control, as a result of which any of the changes or events listed in Section 4.9 would be likely to occur.

(b) the Company shall not, from the date hereof prior to the Closing Date:

(i) amend any of its organizational documents;

(ii) declare, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock (or other equity interest) of the Company;

(iii) repurchase, redeem or acquire any outstanding shares of capital stock (or other equity interest) or other securities of, or other ownership interest in, the Company;

(iv) award or pay any bonuses to any Business Employee (as defined in Section 4.11(b)) or any Physician (as defined in Section 4.11(a)), other than as set forth on the Disclosure Schedule;

(v) enter into any employment, deferred compensation, severance or similar agreement (nor amended any such agreement) or agree to increase the compensation payable or to become payable by it to any of the Company's directors, officers, employees, agents or representatives or agree to increase the coverage or benefits available under the Company Benefit Plan (as defined in Section 4.12(a));

(vi) change its accounting or Tax reporting principles, methods or policies;

(vii) make or rescind any election relating to Taxes, settled or compromised any claim relating to Taxes;

(viii) fail to promptly pay and discharge current Liabilities except where disputed in good faith by appropriate proceedings;

(ix) make any loans, advances or capital contributions to, or investments in, any Person or paid any fees or expenses to any director, officer, partner, stockholder or Affiliate;

(x) mortgage, pledge or subject to any Lien any of its assets, properties or rights relating to the Business;

(xi) terminate, enter into or amend any Material Contract;

(xii) make or commit to make any capital expenditures in excess of $10,000 individually or $25,000 in the aggregate;

(xiii) issue, create, incur, assume or guarantee any Indebtedness;

(xiv) suffer any material change in the productivity or compensation of the Physicians;

(xv) institute or settle any Legal Proceeding without Purchaser's written consent; or

(xvi) agree, commit, arrange or enter into any agreement to do any of the foregoing.

6.3 Exclusive Dealing. Until this Agreement shall have been terminated pursuant to Article IX no Seller shall, and the Sellers shall cause the Company not to, directly or indirectly, solicit, initiate, encourage or entertain any inquires or proposals from, discuss or negation with, provide any nonpublic information to, or consider the merits of any inquires or proposal from any Person (other than Purchaser) relating to any business combination transaction involving the Company, however structured, including the sale of the Business or assets of any merger, consolidation or similar transaction or arrangement. Each Seller shall notify Purchaser of any such inquiry or proposal within 24 hours of receipt thereof by any Seller, the Company, or any of their respective Representatives.

6.4 Notice. Prior to the Closing Date, each Seller shall promptly provide notice to Purchaser of any fact or circumstance that could make the satisfaction of any condition of Article VIII impossible or unlikely. No such notice will be deemed to have cured any Brach of any covenant or affect any right or remedy of Purchaser under this Agreement.

6.5 Further Assurances. Each of the Sellers, the Company, and the Purchaser shall use best efforts to obtain in a timely manner all necessary waivers, consents and approvals and to effect all necessary registrations and filings, and to use best efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement, including, without limitation, (i) cooperating in responding to inquiries from, and making presentations to, Governmental Authorities and (ii) defending against and responding to any Legal Proceeding challenging or relating to this Agreement, or the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed.

6.6 Confidentiality.

(a) From the date hereof, and after the Closing Date, except in furtherance of the transaction described in this Agreement and as necessary in the ordinary course of business, (i) the Sellers and the Company shall not, and shall cause its Affiliates not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than authorized officers, directors and employees of the Purchaser or the Company) or use or otherwise exploit for its own benefit or for the benefit of anyone other than Purchaser or the Company, any Confidential Information relating to the Company or the Company Subsidiaries and (ii) the Purchaser shall not, and shall cause its Affiliates not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than authorized officers, directors and employees of the Sellers) or use or otherwise exploit for its own benefit or for the benefit of anyone other than Sellers, any Confidential Information relating to the Sellers; provided, however, that in the event disclosure of any Confidential Information is required by applicable Law in either clause (i) or (ii) above, the receiving party of such Confidential Information shall, to the extent reasonably possible, provide to the disclosing party with prompt notice of such requirement prior to making any disclosure so that the disclosing party may seek an appropriate protective order.

(b) For purposes of this Section 6.6, "Confidential Information" shall mean any confidential information with respect to any disclosing party, including, methods of operation, customers, customer lists, products, prices, fees, costs, inventions, know-how, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters; provided, however, that the term "Confidential Information" does not include, and there shall be no obligation of any receiving party hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement or (ii) becomes generally available to the public other than as a result of a disclosure not otherwise permissible hereunder.

ARTICLE VII
POST-CLOSING COVENANTS

7.1 Access to Information. Following the Closing, to the extent the Purchaser reasonably requests, the Sellers shall provide the Purchaser and its representatives with access to any books and records in a Seller's possession concerning periods prior to the Closing. No investigation by the Purchaser prior to or after the date of this Agreement shall diminish or obviate any of the representations, warranties, covenants or agreements of the Seller contained in this Agreement or the Seller Documents.

7.2 Further Assurances; Further Conveyances and Assumptions; Consent of Third Parties

(a) Following the Closing, each of the Purchaser and the Sellers shall use their commercially reasonable efforts to take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement. To the extent the parties determine after the Closing that any of the assets used in the Business are held by any Affiliate of the Company, then the Sellers shall cause the owner of such assets to transfer such assets to the Company without additional consideration and, upon request, to execute and deliver a bill of sale or such other instruments of transfer evidencing such transfer.

(b) From time to time following the Closing, Sellers and the Purchaser shall, and shall cause the Company their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be necessary or appropriate to assure fully to the Purchaser and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to the Purchaser under this Agreement and to otherwise make effective the transactions contemplated hereby and thereby.

7.3 Cooperation and Proceedings; Access to Records. After the Closing, each Seller shall cooperate with Purchaser and its counsel and make itself and its representatives available to Purchaser and the Company in connection with the institution or defense of any proceeding, whether existing, threatened, or anticipated, involving or relating to the contemplated transactions, Purchaser, any Seller, or the Company, including providing testimony, records, and other information.

7.4 Preservation of Records. The Sellers and the Purchaser agree that each of them shall preserve and keep the records held by them relating to the Business for a period of five (5) years from the Closing Date and shall make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, legal proceedings against or governmental investigations of the Company, Sellers or the Purchaser or any of its Affiliates or in order to enable the Sellers or the Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event the Sellers or the Purchaser wishes to destroy (or permit to be destroyed) such records after that time, such party shall first give thirty (30) days prior written notice to the other and such other party shall have the right at its option and expense, upon prior written notice given to such party within that thirty (30) day period, to take possession of the records within sixty (60) days after the date of such notice.

7.5 Release of Liens. To the extent any Liens on the Company's assets are not terminated prior to the Closing (excluding those disclosed in Section 7.5 of the Disclosure Schedule), the Sellers shall use commercially reasonable efforts, at the Sellers' sole cost and expense, following the Closing to cause such Liens to be released and terminated in a form and substance reasonably satisfactory to the Purchaser and its counsel.

7.6 Business Relationships.

(a) After the Closing, each Seller shall cooperate with Purchaser and the Company in their efforts to continue and maintain for the benefit of Purchaser and the Company those business relationships of the Company and of such Seller relating to the business of the Company, including relationships with any patients, referral sources, suppliers, licensors, licensees, lessors, employees, regulatory authorities, and others. Each Seller shall refer to Purchaser and the Company all inquiries and communications received by such Seller relating to the Company or the Business after the Closing.

(b) After the Closing, no Seller shall take any action, either directly or indirectly, that could diminish the value of the Company or interfere with the Business.

(c) It is the desire of all parties to closely work together after the Closing. Sellers and Purchaser agree that for the first three (3) months after Closing, they will meet weekly in person to ensure they are aligned and for Purchaser to assist the Company to grow the business and ensure appropriate employee continuity. Thereafter, the parties will revisit the meeting schedule in light of their mutual goals with respect to the Company's growth and success. In addition to the operational meetings described above, an Executive Committee comprised of Dr. Warren Hosseinion, Gary Augusta and Mitch Creem will meet at least quarterly and in person, which will have oversight over the Company.

(d) Subject to Board approval, Purchaser will arrange for Dr. Stanley Lau to hold a seat as a "Board Observer" on the Board of Holdings after the Closing.

7.7 Retention of Employees. Subject to its standard hiring and employment policies, Purchaser shall cause the Company, for a period of two (2) years following the Closing, to offer continuing employment to those employees listed in Section 4.11 of the Disclosure Schedule on substantially the same compensation and benefit terms as currently enjoyed by such employees.

7.8 Release of Lau's Guarantee and Security. Purchaser and Sellers shall cooperate in good faith to promptly procure releases of the guarantees and other personal security furnished by Seller Stanley Lau to Citizen Business Bank and Bank of America (as described in Section 8.2(j)), and shall execute all necessary documents to procure such releases. Until such releases are obtained, on and after the Closing Date, Purchaser shall indemnify and keep Lau fully indemnified from and against any claim, loss and damage resulting from Purchaser's and Sellers' failure to procure such releases.

ARTICLE VIII

CONDITIONS TO CLOSING

8.1 Conditions Precedent to Obligations of the Purchaser. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the Purchaser in whole or in part in its sole discretion):

(a) Representations and Warranties. The representations and warranties of the Sellers contained in Article IV that are true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all respects, on and as of such earlier date);

(b) Performance of Covenants. Each of the Company and the Sellers shall have performed and complied in all respects with all covenants and agreements required in this Agreement to be performed or complied with by them prior to the Closing Date;

(c) No Orders. There shall not be in effect any Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(d) No Material Adverse Effect. After the date of this Agreement, no event shall have occurred and be in existence and continuing as of the Closing Date that, singularly or in the aggregate, has had a Material Adverse Effect;

(e) Employment Agreements. Each of the Sellers shall have executed and delivered the Employment Agreements to the Purchaser in the form of Exhibits A and B hereof;

(f) Non-Competition Agreements. Each of the Sellers shall have executed and delivered to the Purchaser the Non-competition agreements in the form of Exhibits C and D hereto;

(g) Certificates for the Shares. The Sellers shall have delivered, or caused to be delivered, to the Purchaser the certificates representing the Shares, duly endorsed in blank or accompanied by transfer powers;

(h) Escrow Agreement. The Sellers shall have executed and delivered to the Escrow Agent, the Escrow Agreement in the form ofExhibit E;

(i) Officers Certificate. The Sellers shall have delivered to the Purchaser a certificate executed by an officer of the Company confirming (i) the accuracy of its representations and warranties as of the date hereof and as of the Closing Date; (ii) the performance of and compliance with its covenants and obligations to be performed or complied with at or prior to the Closing Date; and (iii) that a minimum of Three Hundred Eighty Two Thousand Two Hundred Ninety Two Dollars ($382,292) is in the Company's accounts as of the Closing Date and is available for immediate use.

(j) Secretary Certificate. The Sellers shall have delivered to the Purchaser a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors and stockholders of the Company authorizing the execution, delivery and performance of this Agreement and the other Sellers Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, (ii) the names and signatures of the officers of the Company authorized to sign this Agreement, the Sellers Documents and the other documents to be delivered hereunder and thereunder, and (iii) that attached thereto are copies of the certificate of incorporation, bylaws and good standing certificate of the Company;

(k) Form W-9. The Sellers shall each have delivered to the Purchaser a duly completed Form W-9;

(l) Pay-off Letters and Lien Releases. The Sellers shall have delivered, or caused to be delivered, to the Purchaser and the Escrow Agent, pay-off letters and lien releases related to the payoff of the (i) CBB Term Loan, (ii) SBA Loan, and (iii) $80,000 Unsecured Promissory Note in favor of Kok dated February 1, 2012, and other Indebtedness as requested by Purchaser at the Closing, which shall include confirmation that any Contract evidencing or giving rise to such Indebtedness shall be terminated upon receipt of applicable payoff amounts (other than any provisions of such Contract that survive termination);

(m) Required Consents. The Sellers shall have delivered to the Purchaser copies of all consents from any Governmental Body or any Person as listed on Section 4.3 of the Disclosure Schedule in each case in a form and substance reasonably satisfactory to the Purchaser and its counsel;

(n) Lease. Numen, LLC ("Numen"), as landlord, shall have executed and delivered to the Purchaser, the lease in the form of Exhibit F hereto;

(o) SNDA. Numen, as landlord, and Citizens Business Bank, as lender, shall have executed, and delivered to the Purchaser the Subordination, Nondisturbance and Attornment Agreement in the form of Exhibit G hereto; and

(p) Other Documents. The Sellers shall have delivered to the Purchaser such other documents or instruments as the Purchaser or its counsel shall reasonably request and are reasonably necessary to consummate the transactions contemplated by this Agreement.

8.2 Conditions Precedent to Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by the Sellers in whole or in part in their sole discretion):

(a) Representations and Warranties. The representations and warranties of the Purchaser set forth in Article V that are true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all respects on and as of such earlier date);

(b) Performance of Covenants. The Purchaser shall have performed and complied in all material respects with all covenants and agreements required in this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date;

(c) No Orders. There shall not be in effect any Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(d) Escrow Agreement. The Purchaser shall have executed and delivered to the Escrow Agent, the Escrow Agreement in the form of Exhibit E;

(e) Employment Agreements. Purchaser shall have caused the Company to execute and deliver the Employment Agreements to the Sellers in the form of Exhibits A and B hereof;

(f) Non-Competition Agreements. Purchaser shall have caused the Company to execute and deliver to the Purchaser the Non-competition agreements in the form of Exhibits C and D hereto;

(f) Officers Certificate. The Purchaser shall have delivered to the Sellers a certificate executed by an officer of the Purchaser confirming (i) the accuracy of its representations and warranties as of the date hereof and as of the Closing Date and (ii) the performance of and compliance with its covenants and obligations to be performed or complied with at or prior to the Closing Date.

(g) Secretary Certificate. The Purchaser shall have delivered to the Sellers a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying (i) that attached thereto are true and complete copies of all resolutions adopted by the board of directors and stockholders of Purchaser authorizing the execution, delivery and performance of this Agreement and the other Purchaser Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby, (ii) the names and signatures of the officers of Purchaser authorized to sign this Agreement, the Purchaser Documents and the other documents to be delivered hereunder and thereunder, and (iii) that attached thereto are copies of the certificate of incorporation, bylaws and good standing certificate of Purchaser;

(h) Lease. Purchaser shall have caused its affiliate Apollo Medical Management, Inc. ("AMM") to execute as lessee and deliver to the Purchaser, the lease in the form of Exhibit F hereto;

(i) SNDA. Purchaser shall have caused AMM to execute as lessee and deliver to the Purchaser, the Subordination, Nondisturbance and Attornment Agreement in the form of Exhibit G hereto

(j) Payment into Escrow. The Purchaser shall have paid the Purchase Price, along with an additional $1,250 (being Purchaser's share of the escrow fees), into the Escrow Account;

(k) Stock Warrants. Holdings shall have delivered to the Sellers the Stock Warrants;

(l) Release of Personal Guarantee and Other Security Provided by Lau Purchaser, with the assistance of Sellers, shall have made arrangements with Citizen Business Bank and Bank of America to provide substitute guarantee and/or other security or made other arrangements, so that Seller Stanley Lau will be released from the personal guarantees and pledge of life insurance policy (previously given to support loans made to the Company) immediately upon close of the transaction herein; and

(m) Other Documents. The Purchaser shall have delivered to the Sellers such other documents or instruments as the Sellers or its counsel shall reasonably request and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE IX
TERMINATION

9.1 Termination. Subject to Section 9.2, by notice given prior to or at the Closing, this Agreement may be terminated as follows:

(a) by mutual consent of the Purchaser and Sellers;

(b) by Purchaser if a material breach of any provisions of this Agreement has been committed by Sellers or the Company;

(c) by Sellers if a material breach of any provisions of this Agreement has been committed by Purchaser;

(d) by Purchaser if satisfaction of any condition in Article VIII by September 1, 2014 or such later date as the parties may agree upon (the "End Date") becomes impossible (other than through the failure of Purchaser to comply with its obligations under this Agreement);

(e) by Purchaser if the Closing has not occurred on or before the End Date, unless Purchaser is in material breach of this Agreement; or

(f) by Sellers if the Closing has not occurred on or before the End Date, unless Sellers are in material breach of this Agreement.

9.2 Effect of Termination. Each party's right of termination under Section 9.1 is in addition to any other right it may have under this Agreement or otherwise and the exercise of a party's right of termination will not constitute an election of remedies. If this Agreement is terminated pursuant to Section 9.1, this Agreement will be of no further force or effect; provided, however, that (i) this Section 9.2 and Article XII will survive the termination of this Agreement and will remain in full force and effect, and (ii) the termination of this Agreement will not relieve any party from any liability for any breach of this Agreement prior to termination.

9.3 Expense Reimbursement.

(a) In the event that this Agreement is terminated by Purchaser pursuant to Section 9.1(b), Sellers shall pay or cause to be paid, to Purchaser by wire transfer promptly following notice by Purchaser an amount equal to Purchaser's documented out-of-pocket fees and expenses set forth in such notice and reasonably incurred by it in connection with this Agreement and related transactions in an aggregate amount not to exceed $20,000.

(b) In the event that this Agreement is terminated by Sellers pursuant to Section 9.1(c), Purchaser shall pay or cause to be paid, to Sellers by wire transfer promptly following notice by Sellers an amount equal to Sellers' documented out-of-pocket fees and expenses set forth in such notice and reasonably incurred by it in connection with this Agreement and related transactions in an aggregate amount not to exceed $20,000.

ARTICLE X

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

10.1 Survival of Representations and Warranties. The representations and warranties of the parties contained in Articles IV and V of this Agreement shall survive the Closing until the date that is the first anniversary of the Closing, except for the representation and warranty in Section 4.10 (Taxes) which shall survive for five (5) years following the Closing (in each case, the "Survival Period"); provided, however, that any obligations to indemnify and hold harmless shall not terminate with respect to any Losses as to which the Person to be indemnified shall have given notice (stating in reasonable detail the basis of the claim for indemnification) to the indemnifying party in accordance with Section 10.4(a) before the termination of the applicable Survival Period. The covenants and agreements of the parties contained in this Agreement shall survive the Closing for two (2) years or for the period explicitly specified therein. Subject to the provisions of this Section 10.1, the parties acknowledge and agree that the Survival Periods set forth in this Section 10.1 and the limitation on the parties' right to make claims for recovery of Losses in connection therewith are in lieu of all applicable statutes of limitations.

10.2 Indemnification.

(a) Subject to Section 10.1, Section 10.3, the Sellers, jointly and severally, shall indemnify and hold the Purchaser and its respective directors, officers, employees, Affiliates, stockholders, agents, attorneys, representatives, successors, heirs, and assigns (collectively, the "Purchaser Indemnified Parties") harmless from and against any and all Losses, based upon, attributable to, or resulting from:

(i) any inaccuracy in or breach of the representations and warranties made by the Sellers or the Company set forth in this Agreement or in any Seller Document;

(ii) any breach of any covenant or other agreement on the part of the Sellers or the Company under this Agreement or any Seller Document;

(iii) any fraudulent act (including billing practices) of the Company, or the negligent act or omission in the provision of professional services by the Company or by any Seller on behalf of the Company prior to the Closing Date; and

(iv) any distribution or allocation of the Closing Payment or the Purchase Price by any one or more Seller.

(b) Subject to Sections 10.1 and 10.3, the Purchaser hereby agrees to indemnify and hold the Sellers, their agents, attorneys, representatives, successors, heirs, and assigns (collectively, the "Seller Indemnified Parties") harmless from and against any and all Losses based upon, attributable to or resulting from:

(i) any inaccuracy in or breach of any representation or warranty of the Purchaser set forth in this Agreement or in any Purchaser Document; and

(ii) any breach of any covenant or other agreement on the part of the Purchaser under this Agreement or any Purchaser Document.

(c) For purposes of determining whether indemnification is available under this Article X and for purposes of calculating Losses hereunder, any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to the representations, warranties, covenants and agreements shall be ignored.

10.3 Limitations on Indemnification for Breaches of Representations and Warranties.

(a) Neither the Sellers nor the Purchaser shall have any liability under Section 10.2(a)(i) or Section 10.2(b)(i) hereof unless the aggregate amount of Losses to the indemnified parties finally determined to arise thereunder based upon, attributable to or resulting from the inaccuracy of or the failure of any representation or warranty to be true and correct exceeds $10,000 (the "Basket") and, in the event Losses exceed the amount of the Basket, the indemnifying party shall be required to pay the entire amount of all such Losses from the first dollar.

(b) Notwithstanding any provision to the contrary in this Agreement, Sellers' maximum aggregate liability for any Losses under this Article X and any other obligation under this Agreement shall not exceed $500,000.

10.4 Indemnification Procedures.

(a) In the event that any Legal Proceedings shall be instituted or that any claim or demand shall be asserted by any Person in respect of which payment may be sought under Section 10.2 hereof (regardless of the limitations set forth in Section 10.3) ("Indemnification Claim"), the indemnified party shall promptly cause written notice of the assertion of any Indemnification Claim of which it has knowledge which is covered by this indemnity to be forwarded to the indemnifying party. The indemnifying party shall have the right, at its sole expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the indemnified party, and to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Losses indemnified against hereunder; provided that the indemnifying party shall have acknowledged in writing to the indemnified party its unqualified obligation to indemnify the indemnified party as provided hereunder; provided, further, that if the indemnifying party is the Sellers, then such indemnifying Party shall not have the right to defend or direct the defense of any such Indemnification Claim that (x) is asserted directly by or on behalf of a Person that is a healthcare service plan, other payor, vendor, supplier or customer of the Business, or (y) seeks an injunction or other equitable relief against the Indemnified Party. If the indemnifying party elects to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Losses indemnified against hereunder, it shall within five (5) days (or sooner, if the nature of the Indemnification Claim so requires) notify the indemnified party of its intent to do so. If the indemnifying party (i) elects not to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Losses indemnified against hereunder, (ii) fails to notify the indemnified party of its election as herein provided, (iii) contests its obligation to indemnify the indemnified party for such Losses under this Agreement or (iv) fails to diligently prosecute the defense of such Indemnification, then the indemnified party may pay, compromise, defend against, negotiate or otherwise deal with such Indemnification Claim and obtain indemnification from the indemnifying party for any and all Losses based upon, arising from or relating to such Indemnification Claim. If the indemnified party defends any Indemnification Claim, then the indemnifying party shall reimburse the indemnified party for the expenses of defending such Indemnification Claim upon submission of periodic bills. If the indemnifying party shall assume the defense of any Indemnification Claim, the indemnified party may participate, at his or its own expense, in the defense of such Indemnification Claim; provided, however, that such indemnified party shall be entitled to participate in any such defense with separate counsel at the expense of the indemnifying party if (i) so requested by the indemnifying party to participate or (ii) in the reasonable opinion of counsel to the indemnified party, a conflict or potential conflict exists between the indemnified party and the indemnifying party that would make such separate representation advisable; and provided, further, that the indemnifying party shall not be required to pay for more than one such counsel for all indemnified parties in connection with any Indemnification Claim. The parties shall fully cooperate with each other in all reasonable respects in connection with the defense of any Indemnification Claim, including making available (subject to the provisions of Section 10.1) records relating to such Indemnification Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Indemnification Claim. Notwithstanding anything in this Section 10.4 to the contrary, neither the indemnifying party nor the indemnified party shall, without the written consent of the other party, settle or compromise any Indemnification Claim or permit a default or consent to entry of any judgment unless the claimant and such party provide to such other party an unqualified release from all liability in respect of the Indemnification Claim.

(b) After any final decision, judgment or award shall have been rendered by a Governmental Body of competent jurisdiction, or a settlement shall have been consummated, or the indemnified party and the indemnifying party shall have arrived at a mutually binding agreement with respect to an Indemnification Claim hereunder, the indemnified party shall forward to the indemnifying party notice of any sums due and owing by the indemnifying party pursuant to this Agreement with respect to such matter and the indemnifying party shall be required to pay all of the sums so due and owing to the indemnified party by wire transfer of immediately available funds within ten (10) Business Days after the date of such notice. The parties hereto agree that should an indemnifying party not make full payment of any such obligations within such ten (10) Business Day period, any amount payable shall accrue interest from and including the date of the agreement of the indemnifying party or final adjudication to including the date such payment has been made at a rate per annum equal to four percent (4%). Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed.

(c) The failure of the indemnified party to give reasonably prompt notice of any Indemnification Claim shall not release, waive or otherwise affect the indemnifying party's obligations with respect thereto except to the extent that the indemnifying party can demonstrate actual loss and prejudice as a result of such failure.

10.5 Effect of Knowledge. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate.

10.6 Other Rights Not Affected. The indemnification rights of the parties under this Article X are independent of, and in addition to, such rights and remedies as the parties may have at Law or in equity or otherwise for any misrepresentation, breach of warranty or failure to fulfill any covenant, agreement or obligation hereunder on the part of any party hereto, including the right to seek specific performance, rescission or restitution, none of which rights or remedies shall be affected or diminished hereby.

10.7 Tax Treatment of Indemnity Payments. The Sellers and the Purchaser agree to treat any indemnity payment made pursuant to this Article X as an adjustment to the purchase price for federal, state, local and foreign income Tax purposes. If, notwithstanding the treatment required by the preceding sentence, any indemnification payment under Article X (including this Section 10.7) is determined to be taxable to the party receiving such payment by any Taxing Authority, the paying party shall also indemnify the party receiving such payment for any Taxes incurred by reason of the receipt of such payment and any expenses incurred by the party receiving such payment in connection with such Taxes (or any asserted deficiency, claim, demand, action, suit, proceeding, judgment or assessment, including the defense or settlement thereof, relating to such Taxes).

ARTICLE XI

TAX MATTERS

11.1 Prorations. The Sellers shall bear all property and ad valorem tax liability with respect to the Company's assets if the Lien or assessment date arises prior to the Closing Date irrespective of the reporting and payment dates of such Taxes. All other real property taxes, personal property taxes, or ad valorem obligations and similar recurring taxes for taxable periods beginning before, and ending after, the Closing Date, shall be prorated between the Purchaser and the Seller as of 12:01 a.m. pacific standard time on the Closing Date. With respect to Taxes described in this Section 11.2, the Sellers shall timely file all Tax Returns due before the Closing Date with respect to such Taxes and the Purchaser shall prepare and timely file all Tax Returns due after the Closing Date with respect to such Taxes. If one party remits to the appropriate Taxing Authority payment for Taxes, which are subject to proration under this Section 11.2 and such payment includes the other party's share of such Taxes, such other party shall promptly reimburse the remitting party for its share of such Taxes.

11.2 Cooperation on Tax Matters. The Purchaser and the Sellers shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the assets of the Company as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit or other proceeding relating to Tax matters.

ARTICLE XII

MISCELLANEOUS

12.1 Expenses. Except as otherwise provided in this Agreement, the Sellers and the Purchaser shall bear their own fees and expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby.

12.2 [Intentionally Omitted.]

12.3 Arbitration. Any controversy, dispute or claim arising out of, in connection with, or related to the interpretation, performance or breach of this Agreement shall be resolved by final and binding arbitration ("Arbitration") initiated and administered by and in accordance with the then existing Rules of Practice and Procedures of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"). The Arbitration shall be held in Los Angeles County, California; the exact time and location to be decided by a sole arbitrator selected by mutual agreement of the Parties or in accordance with the then existing Rules of Practice and Procedures of JAMS. The arbitrator shall have the power to grant all legal and equitable remedies provided by California or federal law; provided, however, that said arbitrator shall be bound by applicable statutory and case law in rendering a decision, and provided, further, that said arbitrator shall not have the power to award punitive or exemplary damages. The decision of the arbitrator shall be final and unreviewable except for those grounds set forth in California Code of Civil Procedure Section 1286.2. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof, and the award may be judicially enforced. The prevailing Party in any Arbitration hereunder shall be awarded reasonable attorneys' fees, expert and nonexpert witness fees and costs, and expenses incurred directly or indirectly with said Arbitration, including but not limited to the fees and expenses of the arbitrator and any other expenses of the Arbitration.

12.4 Entire Agreement. This Agreement (including the schedules and exhibits hereto, Seller Documents, and Purchaser Documents) represents the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings among or between any of the parties relating to the subject matter hereof and thereof.

12.5 Amendment; Waiver; Remedies. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

12.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

12.7 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (i) if delivered by hand, when delivered; (ii) if sent on a Business Day by facsimile transmission before 5:00 p.m. (recipient's time) on the day sent by facsimile and receipt is confirmed, when transmitted; (iii) if sent by facsimile transmission or by e-mail of a PDF document on a day other than a Business Day and receipt is confirmed, or if sent by facsimile transmission or by email of a PDF document after 5:00 p.m. (recipient's time) on the day sent by facsimile or email and receipt is confirmed, on the Business Day following the date on which receipt is confirmed; (iv) if sent by registered, certified or first class mail, the third Business Day after being sent; and (v) if sent by overnight delivery via a national courier service, two Business Days after being delivered to such courier, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

If to the Purchaser, to:

SCHC Acquisition, A Medical Corporation
700 North Brand Boulevard. Suite 220
Glendale, CA 91203
Facsimile: (818) 844-3888

with a copy (which shall not constitute notice) to:

Nixon Peabody LLP
555 West Fifth Street, 46th Floor
Los Angeles, California 90013
Attention: Jill Gordon, Esq. (jgordon@nixonpeabody.com)
Facsimile: (855) 832-7521

If to the Sellers:

Stanley Lau, M.D.
1035 Olive Lane
La Canada, CA 91011

Yih Jen Kok, M.D.
512 Santa Cruz Street
Arcadia, CA 91107

with a copy (which shall not constitute notice) to:

Yong Gruber Associates, LLP
One Wilshire Blvd., Suite 2200
Los Angeles, CA 90017
Attention: Yee-Yoong Yong (yyong@ygalaw.com)
Facsimile: (213) 629-8751

12.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

12.9 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement except as provided below. No assignment of this Agreement or of any rights or obligations hereunder may be made by either the Sellers or the Purchaser (by operation of law or otherwise) without the prior written consent of the other parties hereto and any attempted assignment without the required consents shall be void; provided, however, that the Purchaser may assign this Agreement and any or all rights or obligations hereunder (including the Purchaser's rights to seek indemnification hereunder) to any Affiliate of the Purchaser.

12.10 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the Purchaser shall have any liability for any obligations or liabilities of the Purchaser under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

12.11 Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in PDF format or by facsimile shall be sufficient to bind the parties to the terms and conditions of this Agreement.

12.12 Purchaser's Right of Set Off. The Purchaser may set off any amount to which it may be entitled under this Agreement or any other agreement, document, instrument or certificate executed in connection with the consummation of the transactions contemplated by this Agreement against amounts otherwise payable to the Sellers under this Agreement or any other agreement, document, instrument or certificate executed in connection with the consummation of the transactions contemplated by this Agreement, including, without limitation, the Contingent Purchase Payment. Neither the exercise of nor the failure to exercise such right of set off will constitute an election of remedies or limit the Purchaser in any way in the enforcement of any other remedies that may be available to it.

12.13 Disclosure Schedule. The Disclosure Schedule shall be arranged in separate parts corresponding to the numbered and lettered sections and subsections contained in this Agreement, and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered or lettered section or subsection of this Agreement, except to the extent that such information is cross-referenced in another part of the Disclosure Schedule or it is reasonably apparent from the face of such disclosure that it is relevant to any part of the Disclosure Schedule. From time to time prior to the Closing, the Sellers and the Company shall have the right to supplement or amend the Disclosure Schedules with respect to any matter hereafter arising or discovered after the delivery of the Disclosure Schedules pursuant to this Agreement. Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made in this Agreement, unless the applicable part of the Disclosure Schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail. The mere listing of a document or other item in, or attachment of a copy thereof to, the Disclosure Schedule will not be deemed adequate to disclose an exception to a representation or warranty made in this Agreement (unless the representation or warranty pertains directly to the existence of the document or other item itself). No reference to or disclosure of any item or other matter in the Disclosure Schedule shall be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed in the Disclosure Schedule. No disclosure in the Disclosure Schedule relating to any possible breach or violation of any Contract or Law shall be construed as an admission or indication that any such breach or violation occurred or exists. In disclosing the information set forth in the Disclosure Schedule, the Sellers do not waive, and expressly reserves, any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed or discussed herein.

12.14 Tax and Government Reimbursement Program Effect. None of the parties (nor such parties' counsel or accountants) has made or is making in this Agreement any representation to any other party (or such party's counsel or accountants) concerning any of the Tax or Government Reimbursement Program effects or consequences on the other party in connection with the transactions contemplated by this Agreement. Each party represents that it has obtained, or may obtain, independent advice concerning the Tax and Government Reimbursement Program with respect thereto and upon which it, if so obtained, has solely relied.

12.15 Attorneys' Fees. The non-prevailing party in any action or proceeding related to this Agreement shall pay to the prevailing party reasonable fees and costs incurred in such proceeding or action, including attorneys' fees and costs and the fees and costs of experts and consultants. The prevailing party shall be the party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction or arbitrator or mediator), whether or not the action or proceeding proceeds to final judgment or award

12.16 Consent and Waiver. By the execution of this Agreement, each of the Company and the Sellers hereby waives any right it/he has under the Shareholders' Agreement dated 2/1/2012 between the Company and the Sellers, to buy or to restrict the sale of the Shares. Each of the Company and the Sellers hereby consent to the terms of the transaction for sale of the Shares as contained in this Agreement.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by its officers thereunto duly authorized, as of the date first written above.

PURCHASER:

SCHC ACQUISITION, A MEDICAL CORPORATION

Warren Hosseinion, M.D.
President

COMPANY:

SOUTHERN CALIFORNIA HEART CENTERS, A MEDICAL CORPORATION

Stanley Lau, M.D.
President

SELLERS:

STANLEY LAU, M.D.

YIH JEN KOK, M.D.

For purposes of Section 3.1 only:

APOLLO MEDICAL HOLDINGS, INC.

Warren Hosseinion, M.D.
Chief Executive Officer

Exhibit A

Employment Agreement (Lau)

Exhibit B

Employment Agreement (Kok)

Exhibit C

Non-Competition Agreement (Lau)

Exhibit D

Non-Competition Agreement (Kok)

Exhibit E

Escrow Agreement

Exhibit F

Lease

Exhibit G

Subordination, Nondisturbance and Attornment Agreement

Schedule 3.3(a)

Seller's Reference Statement

Disclosure Schedule

[Numbered sections to correspond to the applicable Section in Article IV of this Agreement]

Listing of Exhibits and Schedules

Exhibit A-Employment Agreement (Lau)

Exhibit B-Employment Agreement (Kok)

Exhibit C-Non-Competition Agreement (Lau)

Exhibit D-Non-Competition Agreement (Kok)

Exhibit E-Escrow Agreement

Exhibit F-Lease

Exhibit G-Subordination, Nondisturbance and Attornment Agreement

Schedule 3.3(a)-Seller's Reference Statement

Disclosure Schedule

Apollo Medical Holdings, Inc. agrees to furnish supplementally a copy of any omitted exhibit or schedule to the U.S. Securities and Exchange Commission upon request.

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND

PRINCIPAL ACCOUNTING OFFICER

PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

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

1. I have reviewed this report on Form 10-Q 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 quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. Apollo Medical Holdings, Inc. 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 controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. Apollo Medical Holdings, Inc. other certifying officer and I are 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 function):

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

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

Dated : August 14, 2014

By: Warren Hosseinion M.D.

/S/ Warren Hosseinion M.D.

Chief Executive Officer

EXHIBIT 31.2

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

I, Mitchell R. Creem, Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q 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 quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. Apollo Medical Holdings, Inc. 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 controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. Apollo Medical Holdings, Inc. other certifying officer and I are 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 function):

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

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

Dated: August 14, 2014

By: Mitchell R. Creem
/S/ Mitchell R. Creem
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Apollo Medical Holdings, Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Warren Hosseinion, Chief Executive Officer of the Company, certify that:

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

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

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

Dated: August 14, 2014

By: Warren Hosseinion M.D.

/ *S*/ 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

In connection with the Report of Apollo Medical Holdings, Inc. (the "Company") on Form 10-Q for the three months ended June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mitchell R. Creem, Chief Financial Officer and Principal Accounting Officer of the Company, certify, that:

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

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

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

Dated : August 14, 2014

By: Mitchell R. Creem

/S/ Mitchell R. Creem

Chief Financial Officer