

Apollo Medical Holdings, Inc.
Form 10-Q/A
December 11, 2009

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

FORM 10-Q/A
RESTATED

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED October 31, 2008

OR

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
(State or other jurisdiction of
incorporation or organization)

20-8046599
IRS Employer Identification No.

1010 N. Central Avenue, Suite 201
Glendale, California 91202
(Address of principal executive
offices)

(818) 507-4617
(Issuer's telephone number)

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of December 10, 2008, there were 25,859,109 shares of the registrant's common stock, \$0.001 par value per share, issued and outstanding.

EXPLANATION

During the preparation of the Company's Form 10-Q for the period ended October 31, 2009, it was determined that \$126,110 of costs reported as General and Administrative costs should have been classified and reported as Cost of Services in this Form 10-Q, previously filed on December 22, 2008 for the period ended October 31, 2008. This amendment is to reflect such.

Non-controlling interest was reclassified to reflect the AMH ownership interest in the accompanying financial statements as of three and nine months ended October 31, 2008 at \$41,712 income.

This Amendment includes all of the information contained in the Original Report, and we have made no attempt in this Amendment to modify or update the disclosures presented in the Original Report, except as identified above.

The disclosures in this Amendment continue to speak as of the date of the Original Report, and do not reflect events occurring after the filing of the Original Report. Accordingly, this Amendment should be read in conjunction with our other filings made with the Securities and Exchange Commission subsequent to the filing of the Original Report, including any amendments to those filings. The filing of this Amendment shall not be deemed to be an admission that the Original Report, when made, included any untrue statement of a material fact or omitted to state a material fact necessary to make a statement not misleading.

APOLLO MEDICAL HOLDINGS, INC.
INDEX TO FORM 10-Q FILING
FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2008 AND 2007

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PART 1 - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

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

| | October 31, 2008 | January 31, 2008 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 148,099 | \$ 44,352 |
| Accounts receivable, net | 150,943 | — |
| Due from affiliate | 2,050 | — |
| Prepaid expenses | 25,333 | 15,719 |
| Total current assets | 326,425 | 60,071 |
| Property and equipment - net | 59,514 | — |
| Due from officers, net | 9,940 | — |
| TOTAL ASSETS | \$ 395,879 | \$ 60,071 |
| LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT): | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$ 51,275 | \$ 13,300 |
| Due to related party | — | 17,907 |
| Notes payable-affiliate | 70,000 | — |
| Line of credit | 198,000 | — |
| Total current liabilities | 319,275 | 31,207 |
| Non-controlling interest | 161,512 | — |
| STOCKHOLDERS' EQUITY (DEFICIT): | | |
| Preferred stock, par value \$.001 and \$.0001 per share; 5,000,000 and 25,000,000 shares authorized, respectively; none issued | — | — |
| Common Stock, par value \$.001 and \$.0001, 100,000,000 shares authorized, 25,859,109 shares issued and outstanding, and 11,064,000 shares issued, 10,364,100 shares outstanding as of October 31,2008 and January 31, 2008, respectively | 25,859 | 1,036 |
| Additional paid-in-capital | 557,562 | 180,964 |
| Shares to be issued | 237,500 | — |
| Accumulated deficit | (905,829) | (153,136) |
| Total stockholders' equity (deficit) | (84,908) | 28,864 |

| | | |
|--|------------|-----------|
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | \$ 395,879 | \$ 60,071 |
|--|------------|-----------|

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

APOLLO MEDICAL HOLDINGS, INC.
(FORMERLY, SICLONE INDUSTRIES, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND NINE MONTHS ENDED OCTOBER 31, 2008 AND 2007
(UNAUDITED)

| | For the Three months ended | | For the Nine months ended | |
|---|----------------------------|-------------------|---------------------------|-------------------|
| | October 31, | | October 31, | |
| | 2008 | 2007 | 2008 | 2007 |
| | Restated | | Restated | |
| NET REVENUES | \$ 479,808 | \$ 10,000 | \$ 499,603 | \$ 100,500 |
| Operating expenses: | | | | |
| Cost of services - physician practice salaries, benefits and other | 488,605 | 15,806 | 531,411 | 54,062 |
| General and administrative | 278,854 | 20,360 | 681,233 | 141,953 |
| Depreciation | 9,996 | - | 9,996 | - |
| Total operating expenses | 777,455 | 36,166 | 1,222,640 | 196,015 |
| LOSS FROM OPERATIONS | (297,647) | (26,166) | (723,037) | (95,515) |
| OTHER EXPENSES: | | | | |
| Interest expense | 5,356 | - | 5,356 | - |
| Financing cost | 23,500 | | 23,500 | |
| NET LOSS BEFORE INCOME TAXES | (326,503) | (26,166) | (751,893) | (95,515) |
| Provision for Income Tax | - | - | 800 | - |
| NET LOSS | (326,503) | (26,166) | (752,693) | (95,515) |
| Net income attributable to noncontrolling interest | (41,712) | - | (41,712) | - |
| Net loss attributable to Apollo Medical Holdings, Inc. | \$ (284,791) | \$ (26,166) | \$ (710,981) | \$ (95,515) |
| WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING, BASIC AND DILUTED | 25,734,174 | 20,933,490 | 20,063,728 | 20,933,490 |
| *BASIC AND DILUTED NET LOSS PER SHARE | \$ (0.01) | \$ (0.00) | \$ (0.04) | \$ (0.00) |

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

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

APOLLO MEDICAL HOLDINGS, INC.
(FORMERLY, SICLONE INDUSTRIES, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED OCTOBER 31, 2008 AND 2007
(Unaudited)

| | Nine Months Ended October 31, | |
|--|----------------------------------|------------------|
| | 2008 | 2007 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Adjustments to reconcile net loss to net cash (used in) operating activities: | | |
| Net loss | \$ (752,693) | \$ (95,515) |
| Depreciation | 9,996 | — |
| Bad debt expense | 23,514 | — |
| Non-controlling interest | 161,512 | — |
| Issuance of shares for services | 72,545 | — |
| Issuance of shares as financing cost | 13,500 | — |
| Shares to be issued for consulting fee | 67,500 | — |
| Exercise of notes payable conversion | 170,375 | — |
| Changes in assets and liabilities: | | |
| Accounts receivable | (174,457) | — |
| Prepaid expenses | (9,614) | — |
| Due from related party | (29,897) | — |
| Accounts payable and accrued liabilities | 17,975 | (191) |
| Net cash used in operating activities | (429,743) | (95,706) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Property and Equipment | (69,510) | — |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from notes payable-affiliate | 70,000 | — |
| Proceeds from line of credit | 198,000 | — |
| Proceeds from issuance of common stock for cash | 335,000 | 182,000 |
| Net cash provided by financing activities | 603,000 | 182,000 |
| NET INCREASE IN CASH & CASH EQUIVALENTS | 103,747 | 86,294 |
| CASH & CASH EQUIVALENTS, BEGINNING BALANCE | 44,352 | 2,184 |
| CASH & CASH EQUIVALENTS, ENDING BALANCE | \$ 148,099 | \$ 88,478 |
| SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION | | |
| Interest paid during the year | \$ 3,452 | \$ — |
| Taxes paid during the year | \$ — | \$ — |

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

APOLLO MEDICAL HOLDINGS, INC.
(FORMERLY SICLONE INDUSTRIES, INC.)
NOTES TO UNAUDITED RESTATED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

On June 13, 2008, Siclone Industries, Inc. (the “Company”), Apollo Acquisition Co., Inc., a wholly-owned subsidiary of the Company (“Acquisition”), Apollo Medical Management, Inc. (“Apollo Medical”) and the shareholders of Apollo Medical entered into an agreement and Plan of Merger (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, Apollo Medical merged with and into Acquisition. The former shareholders of Apollo Medical received 20,933,490 shares of the Company’s common stock in exchange for all the issued and outstanding shares of Apollo Medical.

The acquisition of Apollo Medical is accounted for as a reverse acquisition under the purchase method of accounting since the shareholders of Apollo Medical obtained control of the consolidated entity. Accordingly, the reorganization of the two companies is recorded as a recapitalization of Apollo Medical, with Apollo Medical being treated as the continuing operating entity. The historical financial statements presented herein will be those of Apollo Medical. The continuing entity retained January 31 as its fiscal year end. The financial statements of the legal acquirer are not significant; therefore, no pro forma financial information is submitted.

On July 1, 2008, “Acquisition” changed its name to Apollo Medical Management, Inc. (AMM). On July 3, 2008, the Company changed its name from Siclone Industries, Inc. to Apollo Medical Holdings, Inc. (“Apollo or the Company”). Following the merger, the Company is headquartered in Glendale, California.

The Company is a medical management holding company that focuses on managing the provision of hospital-based medicine through a management company, Apollo Medical Management, Inc. (“AMM”). Through AMM, the Company manages affiliated medical groups, which presently consist of ApolloMed Hospitalists (“AMH”) and Apollo Medical Associates (“AMA”).

AMM operates as a Physician Practice Management Company (PPM) and is in the business of providing management services to Physician Practice Companies (PPC) under Management Service Agreements. The Company’s goal is to become a leading provider of management services to medical groups that provide comprehensive inpatient care services such as hospitalists, emergency room physicians, and other hospital-based specialists.

On August 1, 2008, AMM completed negotiations and executed a formal management agreement with AMH, under which AMM will provide management services to AMH. The Agreement is effective as of August 1, 2008 and will allow AMM, which operates as a Physician Practice Management Company, to consolidate AMH, which operates as a Physician Practice, in accordance with EITF 97-2, Application of FASB Statement No. 94 and APB Opinion No. 16 to Physician Management Entities and Certain Other Entities with Contractual Management Agreements. AMH is owned by an officer, director and major shareholder of the Company,

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared by Apollo in accordance with U.S. generally accepted accounting principles for interim financial statements. The statements consist solely of the management company, Apollo Medical Holdings, Inc. prior to August 1, 2008. Commencing with the Company's third quarter on August 1, 2008, and concurrent with the execution of the Management Services Agreement, the statements reflect the consolidation of AMM and AMH, in accordance with EITF 97-2, Application of FASB Statement No. 94 and APB Opinion No. 16 to Physician Management Entities and Certain Other Entities with Contractual Management Agreements. The statements do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. In management's opinion, all adjustments, consisting of normal recurring adjustments necessary for the fair presentation of the results of the interim periods are reflected herein. Operating results for the nine month period ended October 31, 2008 are not necessarily indicative of future financial results.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Fair Value of Financial Instruments

Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Credit and Supply Risk

During the nine month period ended October 31, 2008 the Company has three major customers which contributed 17%, 19% and 26% of revenue. As of October 31, 2008 the total amount receivable from these customers amounted to \$26,850, \$0 and \$25,056, respectively,

Recently Issued Accounting Pronouncements

In December 2007, FASB issued FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51. This Statement applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. Not-for-profit organizations should continue to apply the guidance in Accounting Research Bulletin No. 51, Consolidated Financial Statements, before the amendments made by this Statement, and any other applicable standards, until the Board issues interpretative guidance. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this Statement is the same as that of the related Statement 141(R). This Statement shall be applied prospectively as of the beginning of the fiscal year in which this Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall

be applied retrospectively for all periods presented. This statement has no effect on the financial statements as the Company does not have any outstanding non-controlling interest.

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In March, 2008, the FASB issued FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities". The new standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The new standard also improves transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under Statement 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows. FASB Statement No. 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk-related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important. Based on current conditions, the Company does not expect the adoption of SFAS 161 to have a significant impact on its results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement replaces FASB Statement No. 141, "Business Combinations." This statement retains the fundamental requirements in SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. This statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not expect the adoption of SFAS 160 to have a significant impact on its results of operations or financial position.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This Statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement will not have an impact on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts, an interpretation of FASB Statement No. 60." The scope of this Statement is limited to financial guarantee insurance (and reinsurance) contracts, as described in this Statement, issued by enterprises included within the scope of Statement 60. Accordingly, this Statement does not apply to financial guarantee contracts issued by enterprises excluded from the scope of Statement 60 or to some insurance contracts that seem similar to financial guarantee insurance contracts issued by insurance enterprises (such as mortgage guaranty insurance or credit insurance on trade receivables). This Statement also does not apply to financial guarantee insurance contracts that are derivative instruments included within the scope of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement will not have an impact on the Company's financial statements.

Stock-based compensation

On October 17, 2006 the Company adopted SFAS No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123." As of the date of this report the Company has no stock based incentive plan in effect.

Basic and Diluted Earnings Per Share

Earnings per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), "Earnings per share". SFAS No. 128 superseded Accounting Principles Board Opinion No.15 (APB 15). Net income (loss) per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net income per share is based upon the weighted average number of common shares outstanding. Diluted net income (loss) per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank representing Company's current operating account

Income Taxes

The Company utilizes SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, service has rendered, the sales price is fixed or determinable, and collection is reasonable assured.

Siclone Transaction

The Agreement and Plan of Merger with Siclone Industries, Inc. obligated the Company to pay a total of \$500,000, of which \$250,000 was paid, and expensed, at the completion of the merger in June 2008. Payment of the remaining balance of \$250,000 is tied to the completion of a significant funding event.

3. Uncertainty of ability to continue as a going concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has accumulated deficit of \$905,829 as of October 31, 2008. Cash Flows used in Operating Activities for the nine months ended October 31, 2008 was \$429,743.

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

The Company's need for working capital is a key issue for management and necessary for the Company to meet its goals and objectives. The Company is actively pursuing additional capitalization opportunities. Management believes

that the above actions will allow the Company to continue operations through the next fiscal year.

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4. Accounts Receivable

Accounts Receivable totals \$150,943, net of allowance for bad debt expense of \$23,415, and represent invoiced amounts due the Company as of October 31, 2008 on amounts billed by AMH. The Company recorded a bad debt reserve of \$23,415 in the third quarter against unpaid Medicare and private insurance billings. Accounts receivable was \$0 as of January 31, 2008.

5. Due from affiliate

Due from affiliate totals \$2,050 and represents amounts due from AMA, an unconsolidated Affiliate of the Company. None was due from affiliate as of January 31, 2008.

6. Prepaid expenses

Prepaid expenses of \$25,333 and \$15,719 as of October 31, 2008 and January 31, 2008, respectively, are amounts prepaid for medical malpractice insurance and Director's and Officer's insurance.

7. Property and Equipment

Property and Equipment consists of the following as of October 31, 2008:

| | October 31, 2008 | January 31, 2008 |
|----------------------------------|------------------|---------------------|
| Computers | \$ 13,912 | \$ — |
| Furniture and fixtures | 16,626 | — |
| Software | 138,443 | — |
| Machinery and equipment | 50,815 | — |
| Gross Property and Equipment | 219,796 | — |
| less accumulated depreciation | (160,282) | — |
| Net Property and Equipment | \$ 59,514 | \$ — |

Depreciation expense were \$9,996 and \$0 for the nine month periods ended October 31, 2008 and 2007, respectively.

8. Due from Officers

A net amount of \$9,940 was due from officers of the Company as of October 31, 2008. None was due from officers at of January 31, 2008.

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

| | October 31, 2008 | January 31, 2008 |
|------------------|---------------------|---------------------|
| Accounts Payable | \$ 25,313 | |

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| | | |
|-------------------------------------|-----------|-----------|
| Accrued Professional Fees | 11,987 | 12,443 |
| Accrued Payroll and Income taxes | 13,975 | 857 |
| Total | \$ 51,275 | \$ 13,300 |

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10. Convertible Notes Payable

During the three months period ended October 31, 2008, the Company received \$170,000 proceeds from the issuance of convertible notes payable. The convertible notes bear interest at 10% and are due twelve months from the date of issuance. In connection with the convertible notes, the Company issued 113,333 warrants to the note holders with an exercise price of \$1.50.

On the date of issuance of note, the Company received the notice to exercise the conversion of note into shares from the note holders. The Company used the conversion rate to determine the number of shares to be issued and recorded 226,667 shares as shares to be issued as at October 31, 2008.

The Company recorded value of warrants using the Black Scholes pricing model using the following assumptions: Stock price \$0.27, Expected life of 3 years, Risk free bond rate of 1.69% to 2.00% and volatility of 46%. Based on the assumptions used the Company recorded the weighted average fair value of warrants amounting to \$375 which was fully amortized as interest expense during the nine month period ended October 31, 2008.

11. Related Party Transactions

During the nine months ended October 31, 2008 and 2007, the Company generated revenue of \$19,795 and \$100,500, respectively, by providing management services to ApolloMed Hospitalists (AMH), an affiliated company with common ownership interest. Commencing August 1, 2008, the management services fee income reported by AMM was eliminated in consolidation against similar costs recorded at AMH.

The Company borrowed \$70,000 on a short-term promissory note in the quarter ended July 2008 from a related party of the Chief Executive officer of the Company. The note is unsecured, non-interest bearing and in default.

12. Notes payable

The Company had borrowed a total of \$195,000 on short-term promissory notes in the quarter ended July 2008. Dr. Mohammad Hosseinion, the father of Dr. Warren Hosseinion, the Company's CEO, loaned \$70,000 to the Company and Progene, Inc., a corporation owned by another physician, loaned the Company \$125,000.

The \$70,000 note carries no interest rate, and the Company is obligated to pay an origination fee of \$5,000 at the time of payoff. This note was default as of October 31, 2008.

The Company borrowed \$125,000 on June 13, 2008. The note also bears no interest rate and was due and payable in full on July 2, 2008. The note was paid off as of October 31, 2008. The Company recorded a penalty of \$6,250 during the nine months ended October 31, 2008 due to late payment.

Also, during the third quarter, the Company borrowed \$125,000 on September 24, 2008 under a note. This note bore an interest rate of 15 percent and was due and payable in full on October 22, 2008. The note obligated the Company for an origination fee of \$10,000 and reimbursement of legal fees totaling \$1,500 and issuance of 50,000 shares of the Company's common stock. The note, along with the origination fee and legal reimbursement, was paid off in full on October 20, 2008.

13. Line of credit

The Company, through AMH, has a SBA line of credit with Wells Fargo Bank. The loan was established on January 5, 2006 and provided a total available credit of \$200,000. The interest rate is the banks prime rate plus 2 points. As of October 31, 2008, Apollo had drawn \$198,000 against this facility.

An interest expense of \$3,542 was recorded during the quarters ended October 31, 2008

14. Minority Interest

The Company recorded AMH ownership interest in the accompanied financial statements as Minority Interest amounting to \$162,512.

15. Stockholder's Equity

During the period from February 1, 2007 to July 31, 2007, Apollo Medical issued 364,000 shares to investors for a total cash value \$182,000. As part of issuance of shares for cash the Company granted 91,000 stock warrants to investors. During the period from February 1, 2008 to July 31, 2008, Apollo Medical issued 670,000 shares to investors for a total cash value \$335,000. As part of issuance of shares for cash the Company granted 167,500 stock warrants to investors.

As the result of the merger on June 13, 2008, the former shareholders of Apollo Medical received 20,933,490 shares of the Company's common stock in exchange for all the issued and outstanding shares of Apollo Medical. Certain former shareholders of Apollo Medical received 470,470 warrants in exchange for warrants granted to them in previous fund raising.

During the three month period ended October 31, 2008, the Company issued 268,687 shares for legal, accounting and investment advisory services provided to the Company. The Company also issued 50,000 shares as financing fee on a note payable.

During the three months period ended October 31, 2008, the Company received \$170,000 proceeds from the issuance of convertible notes payable. The convertible notes bear interest at 10% and are due twelve months from the date of issuance. In connection with the convertible notes, the Company issued 113,333 warrants to the note holders with an exercise price of \$1.50. On the same date of issuance, the Company received notice to convert the notes into common stock from the note holders. These notes payable were to be converted to 226,667 shares of the Company common stock, which were recorded as shares to be issued as of October 31, 2008.

During the three months ended October 31, 2008, the Company entered into an Employment Agreement pursuant to which the Company employed the Chief Financial Officer. As per the agreement, the CFO shall receive 250,000 shares of the Company's common stock. These shares have been recorded as shares to be issued as of October 31, 2008.

Warrants outstanding:

| | Aggregate intrinsic value | Number of warrants |
|------------------------------------|------------------------------|-----------------------|
| Outstanding at January 31, 2008 | \$ — | 165,620 |
| Granted | | 418,183 |
| Exercised | — | — |
| Cancelled | — | — |
| Outstanding at October 31, 2008 | \$ — | 583,803 |

| Exercise Price | Warrants outstanding | Weighted average remaining contractual life | Warrants exercisable | Weighted average exercise price |
|-------------------|-------------------------|--|-------------------------|--|
| \$1.10 | 470,470 | 1.65 | 470,470 | \$ 0.89 |
| \$1.50 | 113,333 | 0.57 | 113,333 | \$ 0.29 |
| | 583,803 | 2.22 | 583,803 | \$ 1.18 |

The grant date fair value of warrants amounting \$7,709 which was calculated using the Black-Scholes Option Pricing Model.

16. Commitments

On September 4, 2008, Apollo Medical Management, Inc. executed an employment agreement with Jilbert Issai, M.D., to provide services as Vice President of Business Development. The agreement is for an initial one-year term with provision for successive one-year periods. Under the agreement, Doctor Issai is entitled to a nominal salary and was granted options to purchase an aggregate of 300,000 shares of the Company's common stock at an exercise price of \$.10 per share at the Company's adoption of stock compensation plan.

The Company entered into an Advisory Agreement with Stonecreek Associates, Inc. on October 27, 2008, under which Stonecreek will provide investment advisory services to the Company. Apollo is obligated to pay a fee to Stonecreek on completion of any debt or equity financing. The agreement terminates on March 31, 2009.

On October 27, 2008, the Company entered into a Board of Director's Agreement with Suresh Nihalani. The Company will issue a stock award of 400,000 shares to Mr. Nihalani, under the terms of the Director's Agreement, which shares will be issued ratably over a thirty-six month period commencing December 2008. The shares will be released to Mr. Nihalani on a monthly basis during his tenure as a Director. The distribution of shares will continue as long as Mr. Nihalani serves on the Board, but will cease when Mr. Nihalani is no longer is a Director.

17. Restatement

Subsequent to the filing of financial statements for the period ended October 31, 2008, the management of the Company determined that the financial statements as of and for the period ended October 31, 2008 contained errors and should be restated. Specifically, it was determined that \$126,110 of costs reported as General and Administrative costs should have been classified and reported as Cost of Services in this previously filed financial statements for the

period ended October 31, 2008. This amendment is to reflect such.

Non-controlling interest was reclassified to reflect the AMH ownership interest in the accompanying financial statements as of three and nine months ended October 31, 2008 at \$41,712 income. Following is the effect of the restatements:

| | As Previous Stated | Officers' Salaries | Non controlling interest | As Restated |
|---|-----------------------|-----------------------|--------------------------------|---------------------|
| Statement of Operations (For the three months ended October 31, 2008) | | | | |
| Cost of services - physician practice salaries, benefits and other | 362,495 | 126,110 | | 488,605 |
| General and administrative | 404,964 | (126,110) | | 278,854 |
| Total operating expenses | 777,455 | | | 777,455 |
| Statement of Operations (For the nine months ended October 31, 2008) | | | | |
| Cost of services - physician practice salaries, benefits and other | 405,301 | 126,110 | | 531,411 |
| General and administrative | 807,343 | (126,110) | | 681,233 |
| Total operating expenses | 1,222,640 | | | 1,222,640 |
| NET INCOME (LOSS) (For the three months ended October 31, 2008) | \$ (326,503) | | | \$ (326,503) |
| Net income attributable to noncontrolling interest | | | (41,712) | (41,712) |
| Net income(loss) attributable to Apollo Medical Holdings, Inc. | \$ (326,503) | | | \$ (284,791) |
| NET INCOME (LOSS) (For the nine months ended October 31, 2008) | \$ (752,693) | | | \$ (752,693) |
| Net income attributable to noncontrolling interest | | | (41,712) | (41,712) |
| Net income(loss) attributable to Apollo Medical Holdings, Inc. | \$ (752,693) | | | \$ (710,981) |

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

Three Months Ended October 31, 2008 vs. Three Months Ended October 31, 2007

Revenues

Apollo reported revenues of \$479,808 for the quarter ended October 2008, compared to revenues of \$10,000 in the comparable quarter ended October 2007. Prior to the Management Services Agreement executed on August 1, 2008, the Company could only report the management fees charged to its affiliate, AMH. Subsequent to August 1, 2008, revenues represent the billings by AMH under the various fee structures from health plans, medical groups/IPA's and hospitals. Management fee revenues have been eliminated subsequent to August 1, 2008.

Cost of Services-Restated

Cost of Services totaled \$488,605 for the three months ended October 2008 versus cost of services of \$15,806 for the three months ended October 2007. Cost of Services includes compensation paid to the doctors under contract with AMH, costs for medical malpractice insurance for these physicians, professional privileges and telephone and uniform cleaning expenses. Cost of Services for the quarter ended October 2008 included \$431,028 of compensation to physicians on the consolidation required by the Management Agreement. Cost of Goods in the third quarter of 2007 did not include compensation costs.

General and Administrative-Restated

General and Administrative expenses totaled \$278,854 for the three months ended October 2008, up \$258,494 from general and administrative expenses of \$20,360 reported in the third quarter of 2007. General and Administrative costs in 2008 include the overhead costs of supporting the operations of AMH, compared to a smaller cost base supporting the operations of AMM in all prior quarters.

In addition, Apollo initiated steps to access the public markets in early 2008 which culminated with a merger into an already public Company. In support of this merger and its efforts to seek additional investor financing, the Company has incurred higher legal and consulting fees. Legal fees totaled \$65,825 in the third quarter of 2008, compared to \$801 in the comparable quarter of 2007.

Operating expenses in 2008 also includes \$86,045 of costs related to the issuance of common shares for legal, accountant, investment services and financing cost, and \$67,500 for shares to be issued to the Company's Chief Financial Officer.

Depreciation

Depreciation totaled \$9,996 in the quarter just ended versus no depreciation expense in the third quarter of 2007. Depreciation at AMH includes the costs for software development, computers and office equipment.

Loss from Operations

The Company reported a loss from operations of \$297,647 for the three months ended October 31, 2008, compared to a loss from operations of \$26,166 recorded in the same period of 2007.

Interest and Financing Costs

Interest expense and financing costs totaled \$28,856 for the three months ended October 31, 2008. No interest and financing costs were incurred in the quarter ended October 31, 2007. Interest expense in 2008 represents interest expense on the loan with Wells Fargo Bank. Financing cost in the third quarter of 2008 included \$13,500 of shares issued as financing cost and \$10,000 for an origination fee.

Net Loss

Net Loss was \$326,503 for the three months ended October 31, 2008, compared to a net loss of \$26,166 for the three months ended October 31, 2007. The reduction in the net loss was the result of the factors discussed above.

Nine Months Ended October 31, 2008 vs. Nine Months Ended October 31, 2007

Revenues

The Company reported revenues of \$499,603 for the nine months ended October 2008, up \$399,103 from revenues of \$100,500 reported for the nine months ended one year earlier on October 31, 2007. The increase in revenues results from the consolidation of AMM and AMH, subsequent to August 1, 2008, which requires the recognition of the revenues generated by AMH under its contracts with providers. Revenues in the nine months ended October 2007 were solely management fee income charged by AMM to its affiliates.

Cost of Services-Restated

Cost of Services was \$531,411 in the nine months ended October 2008. Cost of Goods Sold was \$54,062 in the nine months ended October 2007. Cost of Goods includes the costs for the physicians under contract by AMH, all medical malpractice insurance, physician privileges, and telephone costs

General and Administrative-Restated

General and Administrative expenses were \$681,233 for the nine months ended October 2008, compared to General and Administrative expenses of \$141,953 reported in the comparable nine month period of 2007. In 2008, the \$250,000 initial payment for the Siclone Merger was expensed in General and Administrative Expenses, along with legal costs of \$28,348 incurred in this transaction. General and Administrative costs in 2008 also included the recognition of \$86,045 of costs related to the issuance of stock to advisors, accountants and lawyers. Lastly, the consolidation of AMM and AMH, commencing on August 1, 2008, resulted in the recognition of overhead costs at AMH not included in the 2007 results.

Depreciation

Depreciation totaled \$9,996 in the nine month period versus no depreciation expense for the nine months ended October 2007. Depreciation at AMH includes the costs for software development, computers and office equipment.

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Loss from Operations

The Company reported a loss from operations of \$723,037 for the nine months ended October 31, 2008, compared to a loss from operations of \$95,515 recorded in the same period of 2007.

Interest and Financing Costs

Interest expense and financing costs totaled \$28,856 for the nine months ended October 31, 2008. No interest and financing costs were incurred in the nine months ended October 31, 2007. Interest expense in 2008 represents interest expense on the loan with Wells Fargo Bank. Financing cost was comprised of \$13,500 of shares issued as financing cost and \$10,000 for an origination fee.

Net Loss

A net loss of \$752,693 was reported for the nine months ended October 2008 versus a net loss of \$95,515 for the initial nine months of 2007. The increased loss of \$657,178 was primarily due to the costs incurred for the Siclone Merger of \$250,000, and the related legal costs of \$28,348, physicians' compensation, as well as the compensation costs incurred with the issuance of stock to advisors, consultants and an officer.

Liquidity and Capital Resources

At October 31, 2008, the Apollo had cash and cash equivalents of \$148,099, compared to cash and cash equivalents of \$44,352 at the beginning of the fiscal year. Short-term borrowings totaled \$268,000 at October 31, 2008, compared to no short-term borrowings at January 31, 2008 and October 31, 2007.

Net cash used in operating activities totaled a negative \$429,743 for the nine months ended October 2008, compared to a negative \$95,706 for the comparable nine months ended October 31, 2007. The \$250,000 paid and expensed on the Siclone Merger, along with related legal costs and compensation costs was primarily responsible for the increase in the negative operating cash flow.

The Company had borrowed a total of \$195,000 on short-term promissory notes in the quarter ended July 2008. The father of the Company's CEO, loaned \$70,000 to the Company and a corporation owned by another physician, loaned the Company \$125,000.

The \$70,000 note carries no interest rate, and the Company is obligated to pay an origination fee of \$5,000 at the time of payoff. This note was default as of October 31, 2008.

The Company borrowed \$125,000 on June 13, 2008. The note also bears no interest rate and was due and payable in full on July 2, 2008. The note was paid off as of October 31, 2008. The Company recorded a penalty of \$6,250 during the nine months ended October 31, 2008 due to late payment.

Also, during the third quarter, the Company borrowed \$125,000 on September 24, 2008 under a note. This note bore an interest rate of 15 percent and was due and payable in full on October 22, 2008. The note obligated the Company for an origination fee of \$10,000 and reimbursement of legal fees totaling \$1,500 and issuance of 50,000 shares of the Company's common stock. The note, along with the origination fee and legal reimbursement, was paid off in full on October 20, 2008.

Commencing October 14, 2008 through October 27, 2008, the Company executed Convertible Notes totaling \$170,000 with six independent investors. The conversion feature of these notes allowed conversion into .75 shares of common stock. All of the note holders exercised their conversion rights concurrent with the execution of the notes, resulting in an additional 226,667 shares of Common stock. These shares had not been issued as of October 31, 2008.

During the six month period ended July 2008, the Company also financed its operations with the private placement of Company stock to accredited investors totaling \$335,000. These stock sales and the proceeds occurred prior to the completion of the Siclone Merger. The Company has not sold any common stock subsequent to the Merger in mid June 2008. During the initial six months of 2007, the Company received \$182,000 from the sale of its Common stock.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures.

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 defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer have concluded that our disclosure controls and procedures as of April 31, 2008, July 31, 2008, and October 31, 2008 were effective such that the information required to be disclosed in reports due the Securities and Exchange Act of 1934 is

- (i) Recorded, processed, summarized within the time periods specified in the SEC's rules and forms and
- (ii) Accumulated and communicated to the Chief Executive Officer and Chief Financial Officer as appropriate to allow for timely review and decisions regarding disclosure.

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance of achieving their control objectives.

b. Changes in Internal Controls over Financial Reporting

There have been no material changes in our internal controls over financial reporting or in other factors that could materially effect, or reasonably likely to affect, our internal controls over financial reporting during the quarter ended April 30, 2008, the six months ended July 31, 2008 and the nine months ended October 31, 2008 (as such term is defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company was not a party to any legal proceedings as of October 31, 2008 and is not aware of any pending legal actions.

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

The Company did not sell any Equity Securities during the periods covered by this filing.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

There were no defaults upon senior securities during the period ended October 31, 2008.

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

There were no matters submitted to the vote of securities holders during the period ended October 31, 2008.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

| Exhibit Number | Description |
|----------------|--|
| 10.1 | Employment Agreement with A. Noel DeWinter, the Chief Financial Officer, filed on Form 8-K on September 11, 2008. |
| 10.2 | Management Services Agreement dated on August 1, 2008, between Apollo Medical Management and Apollo MedHospitalists. |
| 31.1 | Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act. |
| 31.2 | Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act. |
| 32.1 | Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code. |
| 32.2 | Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code. |

SIGNATURES

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

APOLLO MEDICAL HOLDINGS, INC.

Dated: December 11, 2009

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

Dated: December 11, 2009

By: /s/ A. Noel DeWinter
A. Noel DeWinter
Chief Financial Officer and Principal
Accounting Officer

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