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

FORM 10-K

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

For the fiscal year ended December 31, 2018 **Commission file number 001-38286**

Ameri100

AMERI Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**95-4484725**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5000 Research Court, Suite 750, Suwanee, Georgia	**30024**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(770) 935-4152**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange On Which Registered**
Common Stock $0.01 par value per share	The NASDAQ Stock Market LLC
Warrants to Purchase Common Stock	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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 last 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of the voting and non-voting equity held by non-affiliates of the registrant as of June 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $11.25 million based on the closing bid price of the registrant's common stock of $1.03 per share on that date. All executive officers and directors of the registrant and all 10% or greater stockholders have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

As of March 22, 2019, 47,028,433 shares of the registrant's common stock were issued and outstanding.

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2018, are incorporated by reference into Part III of this Annual

Report on Form 10-K.

AMERI Holdings, Inc.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2018

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PART I

ITEM 1. BUSINESS

This annual report contains forward-looking statements. These statements relate to either future events or our future financial performance. In some cases, you may be able to identify forward-looking statements by terms such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms or other synonymous terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors," that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Any forward-looking statements made by or on our behalf are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend, and we do undertake any obligation, to revise or update any of the forward-looking statements to match actual results. Readers are urged to carefully review and consider the various disclosures made in this report, which aim to inform interested parties of the risks factors that may affect our business, financial condition, results of operations and prospects.

Our financial statements are stated in United States Dollars (US$) and are prepared in accordance with United States Generally Accepted Accounting Principles (GAAP).

As used in this annual report, the terms "we," "us," "our" and similar references refer to AMERI Holdings Inc., and its subsidiaries together, unless the context indicates otherwise.

Our Company

We specialize in delivering SAP cloud, digital and enterprise services to clients worldwide. SAP is a leader in providing enterprise resource planning ("ERP") software and technologies to enterprise customers worldwide. We deliver a wide range of solutions and services across multiple domains and industries. Our services center around SAP and include technology consulting, business intelligence, cloud services, application development/integration and maintenance, implementation services, infrastructure services, and independent validation services, all of which can be delivered as a set of managed services or on an on-demand service basis, or a combination of both.

Our SAP focus allows us to provide technological solutions to a broad base of clients. We are headquartered in Suwanee, Georgia, and have offices across the United States, which are supported by offices in India and Canada. Our model inverts the conventional global delivery model wherein offshore information technology ("IT") service providers are based abroad and maintain a minimal presence in the United States. With a strong SAP focus, our client partnerships anchor around SAP cloud and digital services. In 2017, we signed a strategic partnership agreement with NEC America to offer SAP S/4 HANA (a next generation enterprise system) migration services. This partnership will allow us to offer our clients a broader spectrum of services.

Our primary business objective is to provide our clients with a competitive advantage by enhancing their business capabilities and technologies with our expanding consulting services portfolio. Our strategic acquisitions allow us to bring global service delivery, SAP S/4 HANA, SAP Business Intelligence, SAP Success Factors, SAP Hybris and high-end SAP consulting capabilities to a broader geographic market and customer base. We continue to leverage our growing geographical footprint and technical expertise to simultaneously expand our service and product offering. Our goal is to identify business synergies that will allow us to bring new services and products from one subsidiary to customers at our other subsidiaries. While we generate revenues from the consulting businesses of each of our acquired subsidiaries, we believe that additional revenues will be generated through new business relationships and services developed through our business combinations.

Background

We were incorporated under the laws of the State of Delaware in February 1994 as Spatializer Audio Laboratories, Inc., which was a shell company immediately prior to our completion of a "reverse merger" transaction on May 26, 2015, in which we caused Ameri100 Acquisition, Inc., a Delaware corporation and our newly created, wholly owned subsidiary, to be merged with and into Ameri and Partners Inc. ("Ameri and Partners"), a Delaware corporation (the "Merger"). As a result of the Merger, Ameri and Partners became our wholly owned subsidiary with Ameri and Partners' former stockholders acquiring a majority of the outstanding shares of our common stock. The Merger was consummated under Delaware law, pursuant to an Agreement of Merger and Plan of Reorganization, dated as of May 26, 2015 (the "Merger Agreement"), and in connection with the Merger we changed our name to AMERI Holdings, Inc. and do business under the brand name "Ameri100".

Ameri Holdings, Inc., along with its eleven subsidiaries, Ameri and Partners, Ameri Consulting Service Private Ltd., Ameri100 Georgia Inc. ("Ameri Georgia"), Bellsoft India Solutions Private Ltd., Ameri100 Canada Inc. (formerly BSI Global IT Solutions Inc.), Linear Logics, Corp., Ameri100 Virtuoso Inc. ("Virtuoso"), Ameri100 Arizona LLC ("Ameri Arizona"), Bigtech Software Private Limited ("Bigtech"), Ameri100 California Inc. ("Ameri California) and Ameritas Technologies India Private Limited, provides SAP cloud, digital and enterprise services to clients worldwide.

Organizational Chart

Our Industry

Background

We operate in an intensely competitive IT outsourcing services industry, which competes on quality, service and costs. Though we are able to differentiate our company on all of these axes, our India-based capabilities ensure that labor arbitrage is our fundamental differentiator. Most offshore IT services providers have undertaken a "forward integration" to boost their capabilities and presence in their client geographies (large offshore presence with a small local presence). Conversely, large U.S. system integrators focus on "backward integration" to scale and boost their offshore narrative (offshore being the "back office" for the local operations). Today, the IT services industry is marked by the following characteristics:

Characteristic	Description
Mature Market	· Most large global companies have already outsourced what they wanted to outsource.
Commoditized Business Model	· North America and Europe continue to be the markets with attractive spending potential. However, increased regulations and visa dependencies prove to be a major drawback of the model. · The benefits realized from the business model are largely based on labor arbitrage, productivity benefits and portfolio restructuring. These contours have changed due to commoditization.
Insourcing	· Extremely rapid changes in technology are forcing IT services–traditionally an outsourcing business—to adopt an insourcing model.
Rapid Technology Shifts	· Cloud services, robotic process automation, artificial intelligence and internet of things are increasingly in demand as part of outsourcing engagements. Smart robots increasingly operate in the cloud, and a 'labor-as-a-service' approach has emerged, as clients and providers find that intelligent tools and virtual agents can be easily and flexibly hosted on cloud platforms. · Social media, cloud computing, mobility and big data will continue to be mainstays for any IT ecosystem. · The convergence of cloud computing, virtualization (applications and infrastructure) and utility computing is around the corner. The ability of a vendor to offer an integrated basket of services on a SaaS model, will be a key differentiator. · Enterprises are becoming more digital. There is a strong convergence of human and machine intelligence thanks to drivers like advanced sensors and machine learning. Operations and technology are converging.
Contracts & Decision Making	· Large multi-year contracts will be renegotiated and broken down into shorter duration contracts and will involve multiple vendors rather than sole sourcing. · The ability to demonstrate value through Proof of Concepts (POCs) and willingness to offer outcome based pricing are becoming critical considerations for decision making, Requests for Proposal (RFP)-driven decisions are increasingly rare.

The SAP Industry

SAP as an ERP and Cloud product has become an industry by itself. The core SAP enterprise offering has been reinforced with cloud-based products that make the entire SAP ecosystem extremely attractive from our perspective due to the following attributes:

- The alignment of SAP to enterprises is extremely strong. Given the reliance of enterprises on applications, clients tend to make long-term bets on SAP as an enterprise solution.

- According to the September 2014 "HfS Blueprint Report" from by HfS Research Ltd., the SAP market is a multi-billion-dollar market that is very fragmented (there are over 5,000 consulting firms), with the three largest service providers capturing an increasing share of the market.

- A significant number of SAP customers must move to S/4 HANA by 2025.

Our Approach

Our solutions deliver significant business efficiency outcomes through turnkey projects, consulting and offshore services. We believe that our strategic service portfolio, deep industry experience and strong global talent pool offer a compelling proposition to clients. In 2017 we acquired ATCG Technology Solutions, Inc., which has become our wholly-owned subsidiary Ameri California. In 2016, we acquired three companies: Virtuoso, L.L.C. and DC&M Partners, L.L.C.in the U.S. (now Virtuoso and Ameri Arizona, respectively) and Bigtech in India. These strategic acquisitions have brought offshore delivery, SAP S/4 HANA, SAP SuccessFactors, SAP Hybris and high-end SAP consulting capabilities to our service portfolio.

Our Portfolio of Service Offerings

Our portfolio of service offerings expanded significantly since 2016 with our acquisitions of Ameri Georgia, Ameri Arizona, Ameri California, Virtuoso and Bigtech.

Our current portfolio of services is divided into three categories:

Cloud Services

An increasing trend in the IT services market is the adoption of cloud services. Historically, clients have resorted to on-premise software solutions, which required capital investments in infrastructure and data centers. Cloud services enable clients to build and host their applications at much lower costs. Our services offerings leverage the low cost and flexibility of cloud computing.

We have expertise in deploying SAP's public, private and hybrid cloud services, as well as SAP S/4 HANA, SAP SuccessFactors and SAP Hybris cloud migration services. Our teams are experienced in the rapid delivery of cloud services. We perform SAP application and cloud support and SAP cloud development. Additionally, we provide cloud automation solutions that focus on business objectives and organizational growth.

Digital Services

We have developed several cutting-edge mobile solutions, including Simple Advance Planning and Optimization ("APO") and SAP IBP/S&OP Mobile Analytics App. The Simple APO mobile application (app) provides sales professionals with real-time collaboration capabilities and customer data, on their mobile devices. It increases the efficiency of the sales process and the accuracy of customer needs forecasting. The SAP IBP mobile app enables the real-time management and analysis of sales and operations planning (S&OP) related data from mobile devices. SAP is an implementation partner for this app. SAP has recognized the app's value to the ecosystem, as S&OP apps are complex and difficult to design.

We are also active in robotic process automation ("RPA"), which leverages the capability of artificially intelligent software agents for business process automation. We have expertise in automating disparate and redundant data entry tasks by configuring software robots that seamlessly integrate with existing software systems. We also provide RPA solutions for reporting and analysis and deliver insights into business functions by translating large data into structured reports. Lastly, we have a working partnership with Blue Prism, a leading RPA solutions provider, which makes it possible for us to automate up to one-third of all standard back-office operations.

Enterprise Services

We design, implement and manage Business Intelligence ("BI") and analytics solutions. BI helps our clients navigate the market better by identifying new trends and by targeting top-selling products. We also enable clients to use BI for generating instant financial reports and analytics of customer, product and cost information over time. In addition, we provide solutions for metadata repository, master data management and data quality. Finally, we determine BI demands across various platforms.

Other key enterprise services that we offer include consulting services for global and regional SAP implementations, SAP/IT solution advisory and architectural services, project management services, IT/ERP strategy and vendor selection services. Often clients have relied on us to deliver services in non-SAP packages, as well.

Strategy

The integration of each of our acquisitions into our business enterprise requires establishing our company's standard operating procedures at each acquired entity, seamlessly transitioning each acquired entity's branding to the "Ameri100" brand and assessing any necessity to transition account management. The integration process also requires us to evaluate any product-line expansions made possible by the acquired entity and how to bring new product lines to the broader customer base of the entire Company. With the integration of each acquisition, we face challenges of maintaining cross-company visibility and cooperation, creating a cohesive corporate culture, handling unexpected customer reactions and changes and aligning the interests of the acquired entity's leadership with the interests of the Company.

Sales and Marketing

We combine traditional sales with our strength in industries and technology. Our sales function is composed of direct sales and inside sales professionals. Both work closely with our solutions directors to identify potential opportunities within each account. We currently have over 100+ active clients. Using a consultative selling methodology (working with clients to prescribe a solution that suits their need in terms of efficiency, cost and timelines), target prospects are identified and a pursuit plan is developed for each key account. We utilize a blended sales model that combines consultative selling with traditional sales methods. Once the customer has engaged us, the sales, solutions and marketing teams monitor and manage the relationship with the help of customer relationship management software.

Our marketing strategy is to build a strong, sustainable brand image for our company, position us in the SAP arena and facilitate business opportunities. We use a variety of marketing programs across traditional and social channels to target our prospective and current customers, including webinars, targeted email campaigns, co-sponsoring customer events with SAP to create customer and prospect awareness, search engine marketing and advertising to drive traffic to our web properties, and website development to engage and educate prospects and generate interest through white papers, case studies and marketing collateral.

Revenues and Customers

We generate revenue primarily through consulting services performed in the fulfillment of written service contracts. The service contracts we enter into generally fall into two categories: (1) time-and-materials contracts and (2) fixed-price contracts.

When a customer enters into a time-and-materials or fixed-price, (or a periodic retainer-based) contract, we recognize revenue in accordance with an evaluation of the deliverables in each contract. If the deliverables represent separate units of accounting, we then measure and allocate the consideration from the arrangement to the separate units, based on vendor-specific objective evidence of the value for each deliverable.

The revenue under time-and-materials contracts is recognized as services are rendered and performed at contractually agreed upon rates. Revenue pursuant to fixed-price contracts is recognized under the proportional performance method of accounting. We routinely evaluate whether revenue and profitability should be recognized in the current period. We estimate the proportional performance on our fixed-price contracts on a monthly basis utilizing hours incurred to date as a percentage of total estimated hours to complete the project.

For the twelve months ended December 31, 2018 and December 31, 2017, sales to five major customers accounted for approximately 39% and 43% of our total revenue, respectively.

Technology Research and Development

We regard our services and solutions and related software products as proprietary. We rely primarily on a combination of copyright, trademark and trade secret laws of general applicability, employee confidentiality and invention assignment agreements, distribution and software protection agreements and other intellectual property protection methods to safeguard our technology and software products. We have not applied for patents on any of our technology. We also rely upon our efforts to design and produce new applications and upon improvements to existing software products to maintain a competitive position in the marketplace.

We did not make any material expenditures on research or development activities for the twelve months ended December 31, 2018 and December 31, 2017.

Strategic Alliances

Through our Lean Enterprise Architecture Partnership ("LEAP") methodology, we have strategic alliances with technology specialists who perform services on an as-needed basis for clients. We partner with niche specialty firms globally to obtain specialized resources to meet client needs. Our business partners include executive recruiters, staffing firms and niche technology companies. The terms of each strategic alliance arrangement depend on the nature of the particular partnership. Such alliance arrangements typically set forth deliverables, scope of the services to be delivered, costs of services and terms and conditions of payment (generally 45 to 90 days for payment to be made). Each alliance arrangement also typically includes terms for indemnification of our company, non-solicitation of each partner's employees by the other partner and dispute resolution by arbitration.

Alliances and partnerships broaden our offerings and make us a one-stop solution for clients. Our team constantly produces services that complement our portfolio and build strategic partnerships. Our partner companies range from digital marketing strategy consulting firms to large infrastructure players.

On any given project we evaluate a client's needs and make our best effort to meet them with our full-time specialists. However, in certain circumstances, we may need to go outside the Company, and in this case we approach our strategic partners to tap into their pools of technology specialists. Project teams are usually composed of a mix of our full time employees and outside technology specialists. Occasionally, a project team may consist of a Company manager and a few outside technology specialists. While final accountability for any of our projects rests with the Company, the outside technology specialists are incentivized to successfully complete a project with project completion payments that are in addition to hourly billing rates we pay the outside technology specialists.

Competition

The large number of competitors and the speed of technology change make IT services and outsourcing a challenging business. Competitors in this market include systems integration firms, contract programming companies, application software companies, traditional large consulting firms, professional services groups of computer equipment companies and facilities management and outsourcing companies. Examples of our competitors in the IT services industry include Accenture, Cartesian Inc., Cognizant, Hexaware Technologies Limited, Infosys Technologies Limited, Mindtree Limited, RCM Technologies Inc., Tata Consultancy Services Limited, Virtusa, Inc. and Wipro Limited.

We believe that the principal factors for success in the IT services and outsourcing market include performance and reliability; quality of technical support, training and services; responsiveness to customer needs; reputation and experience; financial stability and strong corporate governance; and competitive pricing.

Some of our competitors have significantly greater financial, technical and marketing resources and/or greater name recognition, but we believe we are well positioned to capitalize on the following competitive strengths to achieve future growth:

- well-developed recruiting, training and retention model;
- successful service delivery model;

- broad referral base;
- continual investment in process improvement and knowledge capture;
- investment in research and development;
- strong corporate governance; and
- custom strategic partnerships to provide breadth and depth of services.

Employees

As of December 31, 2018, our total headcount was 390, which includes employees and billable subcontractors. We routinely supplement our billable employee staff with billable subcontractors, which totaled 188 at December 31, 2018. Our employees are not part of a collective bargaining arrangement and we believe our relations with our employees are good.

Available Information

Our executive office is located at 5000 Research Court, Suite 750, Suwanee, Georgia 30024. Our telephone number is (770) 935-4152 and our website is www.ameri100.com. We provide free access to various reports that we file with or furnish to the U.S. Securities and Exchange Commission through our website, as soon as reasonably practicable after they have been filed or furnished. These reports include, but are not limited to, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to these reports. Our Securities and Exchange Commission ("SEC") reports can be accessed through the investors section of our website (http://ameri100.com/page/investors/), and we intend to disclose any changes to or waivers from our Code of Ethics for our Chief Executive Officer and Senior Financial Officers and our Code of Ethics and Business Conduct that would otherwise be required to be disclosed under Item 5.05 of Form 8-K on our website. In addition, the public may read and copy any materials filed by us with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We are an electronic SEC filer. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The internet address of the SEC's website is http://www.sec.gov. Information on our website does not constitute part of this annual report on Form10-K or any other report we file or furnish with the SEC.

Investors and others should note that we use social media to communicate with our subscribers and the public about our company, our services, new product developments and other matters. Any information that we consider to be material to an evaluation of our company will be included in filings on the SEC EDGAR website and may also be disseminated using our investor relations website (http://ir.ameri100.com/) and press releases.

ITEM 1A. RISK FACTORS

In addition to the information set forth at the beginning of Management's Discussion and Analysis entitled "Special Note Regarding Forward-Looking Information", investors should consider that there are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, our business, financial condition or results of operation may be materially and adversely affected. In such case, the trading price of our common stock could decline and investors could lose all or part of their investment.

Risks Relating to Our Business and Industry

We recorded a net loss for the twelve months ended December 31, 2018 and December 31, 2017 and there can be no assurance that our future operations will result in net income.

For the twelve months ended December 31, 2018, and December 31, 2017, we had net revenue of $43 million and $48.6 million, respectively, and we had comprehensive net loss of $19.4 million and $11.1 million, respectively. At December 31, 2018, we had stockholders' equity of approximately $10.8 million and an accumulated deficit of approximately $34.5 million. There can be no assurance that our future operations will result in net income. Our failure to increase our revenues or improve our gross margins will harm our business. We may not be able to sustain or increase profitability on a quarterly or annual basis in the future. If our revenues grow more slowly than we anticipate, our gross margins fail to improve or our operating expenses exceed our expectations, our operating results will suffer. The fee we charge for our solutions and services may decrease, which would reduce our revenues and harm our business. If we are unable to sell our solutions at acceptable prices relative to our costs, or if we fail to develop and introduce new solutions on a timely basis and services from which we can derive additional revenues, our financial results will suffer.

We and our subsidiaries have limited operating histories and therefore we cannot ensure the long-term successful operation of our business or the execution of our business plan.

Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by growing companies in new and rapidly evolving markets, such as the technology consulting markets in which we operate. We must meet many challenges including:

- establishing and maintaining broad market acceptance of our solutions and services and converting that acceptance into direct and indirect sources of revenue;
- establishing and maintaining adoption of our technology solutions in a wide variety of industries and on multiple enterprise architectures;
- timely and successfully developing new solutions and services and increasing the functionality and features of existing solutions and services;
- developing solutions and services that result in high degree of enterprise client satisfaction and high levels of end-customer usage;
- successfully responding to competition, including competition from emerging technologies and solutions;
- developing and maintaining strategic relationships to enhance the distribution, features, content and utility of our solutions and services; and
- identifying, attracting and retaining talented personnel at reasonable market compensation rates in the markets in which we employ.

Our business strategy may be unsuccessful and we may be unable to address the risks we face in a cost-effective manner, if at all. If we are unable to successfully address these risks our business will be harmed.

We face working capital constraints and may not have sufficient working capital in the long term and there is no assurance that we will be able to obtain additional financing, which could negatively impact our business.

We have incurred significant and recurring operational losses as a result of our ongoing acquisition strategy. As of December 31, 2018, we had outstanding cash payment obligations related to our past acquisitions of approximately $2.7 million. If our current cash position does not improve significantly, we will not have sufficient cash on hand to meet these obligations. Due to our working capital constraints, we are current in all payments to all our unsecured noteholders. We are working with certain of our unsecured noteholders to negotiate payment terms until we are able to raise more capital.

Operational streamlining that was completed in the second quarter of 2018 is anticipated to provide cash savings of approximately $2.5 million per year. We believe additional cost-cutting efforts will further reduce cash used in operations. In addition, we believe that we can obtain additional external financing to meet future cash requirements. We raised $1.25 million in March 2017 through the sale of convertible notes, over $6.7 million in gross proceeds through our public offering of common stock and warrants in November 2017 and $6.6 million in gross proceeds through a private placement in August 2018.

There can be no assurance that we will be able to secure additional sources of capital or that cost savings will provide sufficient working capital. If we continue to be unable to pay all outstanding payments under our unsecured notes, the unpaid noteholders may take legal action against us, they may accelerate the payment of the principal under the applicable notes, and our senior secured lender may call a cross-default under our existing credit facility, which could result in the acceleration of the obligations thereunder and have a negative impact on our revenue and financial results. Should we be unable to raise sufficient debt or equity capital, we could be forced to cease operations. Our plan regarding these matters is to work to raise additional debt and/or equity financing to allow us the ability to cover our current cash flow requirements and meet our obligations as they become due. There can be no assurances that financing will be available or if available, that such financing will be available under favorable terms.

The economic environment, pricing pressures, and decreased employee utilization rates could negatively impact our revenues and operating results.

Spending on technology products and services is subject to fluctuations depending on many factors, including the economic environment in the markets in which our clients operate.

Reduced ERP spending in response to a challenging economic environment leads to increased pricing pressure from our clients, which may adversely impact our revenue, gross profits, operating margins and results of operations.

In addition to the business challenges and margin pressure resulting from economic slowdown in the markets in which our clients operate and the response of our clients to such slowdown, there is also a growing trend among consumers of ERP services towards consolidation of technology service providers in order to improve efficiency and reduce costs. Our success in the competitive bidding process for new projects or in retaining existing projects is dependent on our ability to fulfil client expectations relating to staffing, delivery of services and more stringent service levels. If we fail to meet a client's expectations in such projects, this would likely adversely impact our business, revenues and operating margins. In addition, even if we are successful in winning the mandates for such projects, we may experience significant pressure on our operating margins as a result of the competitive bidding process.

Moreover, our ability to maintain or increase pricing is restricted as clients often expect that as we do more business with them, they will receive volume discounts or lower rates. In addition, existing and new customers are also increasingly using third-party consultants with broad market knowledge to assist them in negotiating contractual terms. Any inability to maintain or increase pricing on account of this practice may also adversely impact our revenues, gross profits, operating margins and results of operations.

Uncertain global SAP consulting market conditions may continue to adversely affect demand for our services.

We rely heavily on global demand for ERP services, especially SAP consulting by customers. Any weakness for these ERP services by global customers will adversely affect our revenue projections and hence our profits. SAP AG is adapting itself to the changes in the market especially towards cloud offerings. These changes may lead to SAP losing its market share to other competitors like Oracle, Microsoft, Salesforce and Workday among many other newer players. With these setbacks to SAP, we may face uncertain future due to dramatic changes in the market place which in turn will affect our revenues and profits.

Our success depends largely upon our highly-skilled technology professionals and our ability to hire, attract, motivate, retain and train these personnel.

Our ability to execute projects, maintain our client relationships and acquire new clients depends largely on our ability to attract, hire, train, motivate and retain highly skilled technology professionals, particularly project managers and other mid-level professionals. If we cannot hire, motivate and retain personnel, our ability to bid for projects, obtain new projects and expand our business will be impaired and our revenues could decline.

Increasing worldwide competition for skilled technology professionals and increased hiring by technology companies may affect our ability to hire and retain an adequate number of skilled and experienced technology professionals, which may in turn have an adverse effect on our business, results of operations and financial condition.

In addition, the demands of changes in technology, evolving standards and changing client preferences may require us to redeploy and retrain our technology professionals. If we are unable to redeploy and retrain our technology professionals to keep pace with continuing changes in technology, evolving standards and changing client preferences, this may adversely affect our ability to bid for and obtain new projects and may have a material adverse effect on our business, results of operations and financial condition.

We face intense competition from other service providers.

We are subject to intense competition in the industry in which we operate which may adversely affect our results of operations, financial condition and cash flows. We operate in a highly competitive industry, which is served by numerous global, national, regional and local firms. Our industry has experienced rapid technological developments, changes in industry standards and customer requirements. The principal competitive factors in the IT markets include the range of services offered, size and scale of service provider, global reach, technical expertise, responsiveness to client needs, speed in delivery of IT solutions, quality of service and perceived value. Many companies also choose to perform some or all of their back-office IT and IT-enabled operations internally. Such competitiveness requires us to keep pace with technological developments and maintains leadership; enhance our service offerings, including the breadth of our services and portfolio, and address increasingly sophisticated customer requirements in a timely and cost-effective manner.

We market our service offerings to large and medium-sized organizations. Generally, the pricing for the projects depends on the type of contract, which includes time and material contracts, annual maintenance contracts (fixed time frame), fixed price contracts and transaction price based contracts. The intense competition and the changes in the general economic and business conditions can put pressure on us to change our prices. If our competitors offer deep discounts on certain services or provide services that the marketplace considers more valuable, we may need to lower prices or offer other favorable terms in order to compete successfully. Any broad-based change to our prices and pricing policies could cause revenues to decline and may reduce margins and could adversely affect results of operations, financial condition and cash flows. Some of our competitors may bundle software products and services for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, significantly constrain the prices that we can charge for certain services. If we do not adapt our pricing models to reflect changes in customer use of our services or changes in customer demand, our revenues and cash flows could decrease.

Our competitors may have significantly greater financial, technical and marketing resources and greater name recognition and, therefore, may be better able to compete for new work and skilled professionals. Similarly, if our competitors are successful in identifying and implementing newer service enhancements in response to rapid changes in technology and customer preferences, they may be more successful at selling their services. If we are unable to respond to such changes our results of operations may be harmed. Further, a client may choose to use its own internal resources rather than engage an outside firm to perform the types of services we provide. We cannot be certain that we will be able to sustain our current levels of profitability or growth in the face of competitive pressures, including competition for skilled technology professionals and pricing pressure from competitors employing an on-site/offshore business model.

In addition, we may face competition from companies that increase in size or scope as the result of strategic alliances such as mergers or acquisitions. These transactions may include consolidation activity among hardware manufacturers, software companies and vendors and service providers. The result of any such vertical integration may be greater integration of products and services that were once offered separately by independent vendors. Our access to such products and services may be reduced as a result of such an industry trend, which could adversely affect our competitive position. These types of events could have a variety of negative effects on our competitive position and our financial results, such as reducing our revenue, increasing our costs, lowering our gross margin percentage and requiring us to recognize impairments on our assets.

Our business could be adversely affected if we do not anticipate and respond to technology advances in our industry and our clients' industries.

The IT and global outsourcing and SAP consulting services industries are characterized by rapid technological change, evolving industry standards, changing client preferences and new product introductions. Our success will depend in part on our ability to develop IT solutions that keep pace with industry developments. We may not be successful in addressing these developments on a timely basis or at all. In addition, products or technologies developed by others may not render our services noncompetitive or obsolete. Our failure to address these developments could have a material adverse effect on our business, results of operations, financial condition and cash flows.

A significant number of organizations are attempting to migrate business applications to advanced technologies. As a result, our ability to remain competitive will be dependent on several factors, including our ability to develop, train and hire employees with skills in advanced technologies, breadth and depth of process and technology expertise, service quality, knowledge of industry, marketing and sales capabilities. Our failure to hire, train and retain employees with such skills could have a material adverse impact on our business. Our ability to remain competitive will also be dependent on our ability to design and implement, in a timely and cost- effective manner, effective transition strategies for clients moving to advanced architectures. Our failure to design and implement such transition strategies in a timely and cost-effective manner could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our operations and assets in India expose us to regulatory, economic, political and other uncertainties in India, which could harm our business.

We have an offshore presence in India where a number of our technical professionals are located. In the past, the Indian economy has experienced many of the problems confronting the economies of developing countries, including high inflation and varying gross domestic product growth. Salaries and other related benefits constitute a major portion of our total operating costs. Many of our employees based in India where our wage costs have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, and this has been one of our competitive advantages. However, wage increases in India or other countries where we have our operations may prevent us from sustaining this competitive advantage if wages increase. We may need to increase the levels of our employee compensation more rapidly than in the past to retain talent. If such events occur, we may be unable to continue to increase the efficiency and productivity of our employees and wage increases in the long term may reduce our profit margins.

Our clients may seek to reduce their dependence on India for outsourced IT services or take advantage of the services provided in countries with labor costs similar to or lower than India.

Clients which presently outsource a significant proportion of their IT services requirements to vendors in India may, for various reasons, including in response to rising labor costs in India and to diversify geographic risk, seek to reduce their dependence on one country. We expect that future competition will increasingly include firms with operations in other countries, especially those countries with labor costs similar to or lower than India, such as China, the Philippines and countries in Eastern Europe. Since wage costs in our industry in India are increasing, our ability to compete effectively will become increasingly dependent on our reputation, the quality of our services and our expertise in specific industries. If labor costs in India rise at a rate that is significantly greater than labor costs in other countries, our reliance on the labor in India may reduce our profit margins and adversely affect our ability to compete, which would, in turn, have a negative impact on our results of operations.

Our business could be materially adversely affected if we do not or are unable to protect our intellectual property or if our services are found to infringe upon or misappropriate the intellectual property of others.

Our success depends in part upon certain methodologies and tools we use in designing, developing and implementing applications systems in providing our services. We rely upon a combination of nondisclosure and other contractual arrangements and intellectual property laws to protect confidential information and intellectual property rights of ours and our third parties from whom we license intellectual property. We enter into confidentiality agreements with our employees and limit distribution of proprietary information. The steps we take in this regard may not be adequate to deter misappropriation of proprietary information and we may not be able to detect unauthorized use of, protect or enforce our intellectual property rights. At the same time, our competitors may independently develop similar technology or duplicate our products or services. Any significant misappropriation, infringement or devaluation of such rights could have a material adverse effect upon our business, results of operations, financial condition and cash flows.

Litigation may be required to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly. Although we believe that our services do not infringe or misappropriate on the intellectual property rights of others and that we have all rights necessary to utilize the intellectual property employed in our business, defense against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our company. A successful claim of intellectual property infringement against us could require us to pay a substantial damage award, develop non-infringing technology, obtain a license or cease selling the products or services that contain the infringing technology. Such events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Any disruption in the supply of power, IT infrastructure and telecommunications lines to our facilities could disrupt our business process or subject us to additional costs.

Any disruption in basic infrastructure, including the supply of power, could negatively impact our ability to provide timely or adequate services to our clients. We rely on a number of telecommunications service and other infrastructure providers to maintain communications between our various facilities and clients in India, the United States and elsewhere. Telecommunications networks are subject to failures and periods of service disruption, which can adversely affect our ability to maintain active voice and data communications among our facilities and with our clients. Such disruptions may cause harm to our clients’ business. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecommunications lines is disrupted. This could disrupt our business process or subject us to additional costs, materially adversely affecting our business, results of operations, financial condition and cash flows.

System security risks and cyber-attacks could disrupt our information technology services provided to customers, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation and adversely affect our stock price and the value of our warrants.

Security and availability of IT infrastructure is of the utmost concern for our business, and the security of critical information and infrastructure necessary for rendering services is also one of the top priorities of our customers.

System security risks and cyber-attacks could breach the security and disrupt the availability of our IT services provided to customers. Any such breach or disruption could allow the misuse of our information systems, resulting in litigation and potential liability for us, the loss of existing or potential clients, damage to our reputation and diminished brand value and could have a material adverse effect on our financial condition.

Our network and our deployed security controls could also be penetrated by a skilled computer hacker or intruder. Further, a hacker or intruder could compromise the confidentiality and integrity of our protected information, including personally identifiable information; deploy malicious software or code like computer viruses, worms or Trojan horses, etc. may exploit any security vulnerabilities, known or unknown, of our information system; cause disruption in the availability of our information and services; and attack our information system through various other mediums.

We also procure software or hardware products from third party vendors that provide, manage and monitor our services. Such products may contain known or unfamiliar manufacturing, design or other defects which may allow a security breach or cyber-attack, if exploited by a computer hacker or intruder, or may be capable of disrupting performance of our IT services and prevent us from providing services to our clients.

In addition, we manage, store, process, transmit and have access to significant amounts of data and information that may include our proprietary and confidential information and that of our clients. This data may include personal information, sensitive personal information, personally identifiable information or other critical data and information, of our employees, contractors, officials, directors, end customers of our clients or others, by which any individual may be identified or likely to be identified. Our data security and privacy systems and procedures meet applicable regulatory standards and undergo periodic compliance audits by independent third parties and customers. However, if our compliance with these standards is inadequate, we may be subject to regulatory penalties and litigation, resulting in potential liability for us and an adverse impact on our business.

We are still susceptible to data security or privacy breaches, including accidental or deliberate loss and unauthorized disclosure or dissemination of such data or information. Any breach of such data or information may lead to identity theft, impersonation, deception, fraud, misappropriation or other offenses in which such information may be used to cause harm to our business and have a material adverse effect on our financial condition, business, results of operations and cash flows.

We must effectively manage the growth of our operations, or our company will suffer.

Our ability to successfully implement our business plan requires an effective planning and management process. If funding is available, we intend to increase the scope of our operations and acquire complimentary businesses. Implementing our business plan will require significant additional funding and resources. If we grow our operations, we will need to hire additional employees and make significant capital investments. If we grow our operations, it will place a significant strain on our existing management and resources. If we grow, we will need to improve our financial and managerial controls and reporting systems and procedures, and we will need to expand, train and manage our workforce. Any failure to manage any of the foregoing areas efficiently and effectively would cause our business to suffer.

Our revenues are concentrated in a limited number of clients and our revenues may be significantly reduced if these clients decrease their IT spending.

Our client contracts are based on time and materials expenses. We do not have long-term client contracts. Our client contracts contain standard payment terms, and our clients only pay us for services rendered. We have limited exposure for non-payment by our clients and do not have any unresolved client debts. While our client contracts can be terminated with little or no notice, it is uncommon for our clients to terminate an engagement in the middle of the implementation of services.

For the twelve-month period ended December 31, 2018 and December 31, 2017, sales to five major customers accounted for approximately 39% and 43%, respectively, of our total revenue. Consequently, if our top clients reduce or postpone their IT spending significantly, this may lower the demand for our services and negatively affect our revenues and profitability. Further, any significant decrease in the growth of the financial services or other industry segments on which we focus may reduce the demand for our services and negatively affect our revenues, profitability and cash flows.

Our client contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Our clients typically retain us on a non-exclusive, project-by-project basis. Many of our client contracts can be terminated with or without cause. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside of our control which might lead to termination of a project or the loss of a client, including:

- financial difficulties for a client;
- a change in strategic priorities, resulting in a reduced level of technology spending;
- a demand for price reductions; or an unwillingness to accept higher pricing due to various factors such as higher wage costs, higher cost of doing business;
- a change in outsourcing strategy by moving more work to the client's in-house technology departments or to our competitors;
- the replacement by our clients of existing software with packaged software supported by licensors;
- mergers and acquisitions;
- consolidation of technology spending by a client, whether arising out of mergers and acquisitions, or otherwise; and
- sudden ramp-downs in projects due to an uncertain economic environment.

Our inability to control the termination of client contracts could have a negative impact on our financial condition and results of operations.

Our engagements with customers are typically singular in nature and do not necessarily provide for subsequent engagements.

Our clients generally retain us on a short-term, engagement-by-engagement basis in connection with specific projects, rather than on a recurring basis under long-term contracts. Although a substantial majority of our revenues are generated from repeat business, which we define as revenues from a client who also contributed to our revenues during the prior fiscal year, our engagements with our clients are typically for projects that are singular in nature. Therefore, we must seek out new engagements when our current engagements are successfully completed or terminated, and we are constantly seeking to expand our business with existing clients and secure new clients for our services. In addition, in order to continue expanding our business, we may need to significantly expand our sales and marketing group, which would increase our expenses and may not necessarily result in a substantial increase in business. If we are unable to generate a substantial number of new engagements for projects on a continual basis, our business and results of operations would likely be adversely affected.

Our results of operations may fluctuate from quarter to quarter, which could affect our business, financial condition and results of operations.

Our results of operations may fluctuate from quarter to quarter depending upon several factors, some of which are beyond our control. These factors include the timing and number of client projects commenced and completed during the quarter, the number of working days in a quarter, employee hiring, attrition and utilization rates and the mix of time-and-material projects versus fixed price deliverable projects and maintenance projects during the quarter. Additionally, periodically our cost increases due to both the hiring of new employees and strategic investments in infrastructure in anticipation of future opportunities for revenue growth.

These and other factors could affect our business, financial condition and results of operations, and this makes the prediction of our financial results on a quarterly basis difficult. Also, it is possible that our quarterly financial results may be below the expectations of public market analysts.

We are heavily dependent on our senior management, and a loss of a member of our senior management team could cause our stock price and the value of our warrants to suffer.

If we lose members of our senior management, we may not be able to find appropriate replacements on a timely basis, and our business could be adversely affected. Our existing operations and continued future development depend to a significant extent upon the performance and active participation of certain key individuals. We do not currently maintain key man insurance. If we were to lose any of our key personnel, we may not be able to find appropriate replacements on a timely basis and our financial condition and results of operations could be materially adversely affected.

Our international sales and operations are subject to applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect its operations.

We must comply with all applicable international trade, customs, export controls and economic sanctions laws and regulations of the United States and other countries. We are also subject to the Foreign Corrupt Practices Act and other anti-bribery laws that generally bar bribes or unreasonable gifts to foreign governments or officials. Changes in trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in modifications to compliance programs. Violation of these laws or regulations could result in sanctions or fines and could have a material adverse effect on our financial condition, results of operations and cash flows.

Our income tax returns are subject to review by taxing authorities, and the final determination of our tax liability with respect to tax audits and any related litigation could adversely affect our financial results.

Although we believe that our tax estimates are reasonable and that we prepare and submit our tax filings on a timely basis and in accordance with all applicable tax laws, the final determination with respect to any tax audits, and any related litigation, could be materially different from our estimates or from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties and/or interest assessments.

Failure of our customers to pay the amounts owed to us in a timely manner may adversely affect our financial condition and operating results.

We generally provide payment terms ranging from 30 to 60 days. As a result, we generate significant accounts receivable from sales to our customers, representing approximately 78% of current assets as of December 31, 2018 and approximately 60% of current assets as of December 31, 2017. Accounts receivable from sales to customers were $7.9 million as of December 31, 2018 and $8.8 million as of December,31 2017. As of December 31, 2018, the largest amount owed by a single customer was approximately 13% of total accounts receivable. As of December 31, 2018, we had no allowance for doubtful accounts. If any of our significant customers have insufficient liquidity, we could encounter significant delays or defaults in payments owed to us by such customers, and we may need to extend our payment terms or restructure the receivables owed to us, which could have a significant adverse effect on our financial condition. Any deterioration in the financial condition of our customers will increase the risk of uncollectible receivables. Global economic uncertainty could also affect our customers’ ability to pay our receivables in a timely manner or at all or result in customers going into bankruptcy or reorganization proceedings, which could also affect our ability to collect our receivables.

If we are unable to collect our dues or receivables from or invoice our unbilled services to our clients, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to successfully obtain payments from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. Macroeconomic conditions, such as a potential credit crisis in the global financial system, could result in financial difficulties for our clients, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause clients to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. If we experience delays in the collection of, or are unable to collect, our client balances, our results of operations and cash flows could be adversely affected. In addition, if we experience delays in billing and collection for our services, our cash flows could be adversely affected.

Goodwill that we carry on our balance sheet could give rise to significant impairment charges in the future.

Goodwill is subject to impairment review at least annually. Impairment testing under standards as issued by the Financial Accounting Standards Board may lead to impairment charges in the future. Any significant impairment charges could have a material adverse effect on our results of operations.

Our revenue and operating results may be affected by the rate of growth in the use of technology in business and the type and level of technology spending by our clients.

Our business depends, in part, upon continued reliance on the use of technology in business by our clients and prospective clients as well as their customers and suppliers. In particular, the success of our new service offerings requires continued demand for such services and our ability to meet this demand in a cost-effective manner. In challenging economic environments, our clients may reduce or defer their spending on new technologies in order to focus on other priorities and prospective clients may decide not to engage our services. Also, many companies have already invested substantial resources in their current means of conducting commerce and exchanging information, and they may be reluctant or slow to adopt new approaches that could disrupt existing personnel, processes and infrastructures. If the growth of technology usage in business, or our clients' spending on such technology, declines, or if we cannot convince our clients or potential clients to embrace new technological solutions, our revenue and operating results could be adversely affected.

Our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and the industries on which we focus.

The ERP services market is characterized by rapid technological changes, evolving industry standards, changing client preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and enhance our existing offerings or develop new product and service offerings to meet client needs. We may not be successful in anticipating or responding to these advances on a timely basis, or, if we do respond, the services or technologies we develop may not be successful in the marketplace. We may also be unsuccessful in stimulating customer demand for new and upgraded products, or seamlessly managing new product introductions or transitions. Further, products, services or technologies that are developed by our competitors may render our services non-competitive or obsolete. Our failure to address the demands of the rapidly evolving information technology environment, particularly with respect to digital technology, the internet of things, artificial intelligence, cloud computing and storage, mobility and applications and analytics, could have a material adverse effect on our business, results of operations and financial condition.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, investments and results of operations.

We are subject to laws and regulations enacted by national, regional and local governments, including non-U.S. governments. In particular, we are required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business and results of operations.

Our international operations subject us to exposure to foreign currency fluctuations.

We have operations in three countries and as we expand our international operations, more of our customers pay us in foreign currencies. Transactions in currencies other than U.S. dollars subject us to fluctuations in currency exchange rates. Accordingly, changes in exchange rates between the U.S. dollar and other currencies could have a material adverse effect on our revenues and net income, which may in turn have a negative impact on our business, results of operations, financial condition and cash flows. The exchange rate between the U.S. dollar and other currencies has changed substantially in recent years and may fluctuate in the future. We expect that the vast majority of our revenues will continue to be generated in U.S. dollars for the foreseeable future and that a significant portion of our expenses, including personnel costs, as well as capital and operating expenditures, will continue to be denominated in other currencies such as Indian Rupee. The hedging strategies that we may implement in the future to mitigate foreign currency exchange rate risks may not reduce or completely offset our exposure to foreign exchange rate fluctuations and may expose our business to unexpected market, operational and counterparty credit risks. Accordingly, we may incur losses from our use of foreign exchange derivate contracts that could have a material adverse effect on our business, results of operations and financial condition.

Acquisitions, expansions or infrastructure investments may require us to increase our level of indebtedness or issue additional equity.

As we continue to consummate additional acquisition opportunities, undertake additional expansion activities or make substantial investments in our infrastructure, our capital needs continue to expand. Accordingly, we may need to draw down additional borrowings under our credit facility or access public or private debt or equity markets. There can be no assurance, however, that we will be successful in raising additional debt or equity, or that we will be able to raise such funds on terms that we would consider acceptable.

An increase in the level of indebtedness, if any, could, among other things:

- make it difficult for us to obtain financing in the future for acquisitions, working capital, capital expenditures, debt service requirements or other purposes;
- limit our flexibility in planning for or reacting to changes in our business;
- limit our ability to pay dividends;
- make us more vulnerable in the event of a downturn in our business; and
- affect certain financial covenants with which we must comply in connection with our credit facilities.

Additionally, any further equity offering would dilute your ownership interest in our company.

Our earnings and financial condition may be negatively impacted by certain tax related matters.

We are subject to income taxes in the United States and numerous foreign jurisdictions. Our provision for income taxes and cash tax liability could be adversely affected by numerous factors, including income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in accounting principles or interpretations and changes in tax laws. Certain jurisdictions, including the United States, are actively contemplating tax reform and tax policy changes. Any of these changes could adversely impact our results of operations and financial condition in future periods. In addition, our income tax returns are subject to examination in the jurisdictions in which we operate. An unfavorable outcome of one or more of these examinations may have an adverse effect on our business, results of operations and financial condition.

International hostilities, terrorist activities, other violence or war, natural disasters, pandemics and infrastructure disruptions, could delay or reduce the number of new service orders we receive and impair our ability to service our customers, thereby adversely affecting our business, results of operations and financial condition.

Hostilities involving acts of terrorism, violence or war, natural disasters, global health risks or pandemics or the threat or perceived potential for these events could materially adversely affect our operations and our ability to provide services to our customers. Such events may cause customers to delay their decisions on spending for information technology, consulting, and business process services and give rise to sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to our personnel and to our and our customers' physical facilities and operations around the world. Additionally, by disrupting communications and travel, giving rise to travel restrictions, and increasing the difficulty of obtaining and retaining highly-skilled and qualified personnel, these events could make it difficult or impossible for us to deliver services to some or all of our customers. The majority of our employees are located in India, and the vast majority of our technical professionals in the United States and Canada are Indian nationals who are able to work in the United States and Europe only because they hold current visas and work permits. Any inability to travel could cause us to incur additional unexpected costs and expenses or could impair our ability to retain the skilled professionals we need for our operations. In addition, any extended disruptions of electricity, other public utilities or network services at our facilities could also adversely affect our ability to serve our customers.

Hostilities involving the United States, Canada and India where we provide services to our customers, and other acts of terrorism, violence or war, natural disasters, global health risks or pandemics may reduce the demand for our services and negatively affect our revenues. If we fail to defend against any of these occurrences, we might be unable to protect our people, facilities and systems. If these disruptions prevent us from effectively serving our customers, our business, results of operations and financial condition could be adversely affected.

Anti-outsourcing legislation, if adopted, and negative perceptions associated with offshore outsourcing could impair our ability to service our customers and adversely affect our business, results of operations and financial condition.

The issue of companies outsourcing services to organizations operating in other countries is a topic of political discussion in the United States, which is our largest market. For example, a number of measures aimed at limiting or restricting outsourcing by U.S. companies have been put forward for consideration by the U.S. Congress and in various state legislatures to address concerns over the perceived association between offshore outsourcing and the loss of jobs domestically. Further, the current U.S. administration or Congress may seek to limit outsourcing by U.S. companies. If enacted, such measures may broaden existing restrictions on outsourcing by federal and state government agencies and on government contracts with firms that outsource services directly or indirectly, or impact private industry with measures that include tax disincentives, fees or penalties, intellectual property transfer restrictions, mandatory government audit requirements, and new standards that have the effect of restricting the use of certain business and/or work visas. In the event that any of these measures become law, our ability to provide services to our customers could be impaired, which could adversely affect our business, results of operations and financial condition.

In addition, from time to time there has been publicity about negative experiences associated with offshore outsourcing, such as domestic job loss and theft and misappropriation of sensitive customer data, particularly involving service providers in India. Current or prospective customers may elect to perform certain services themselves or may be discouraged from utilizing global service delivery providers due to negative perceptions that may be associated with using global service delivery models or firms. Any slowdown or reversal of existing industry trends toward global service delivery would seriously harm our ability to compete effectively with competitors that provide the majority of their services from within the country in which our customers operate.

Restrictions on immigration may affect our ability to compete for and provide services to customers, which could hamper our growth and cause our revenues to decline.

Our future success continues to depend on our ability to attract and retain employees with technical and project management skills, including those from developing countries, especially India. The ability of foreign nationals to work in the United States, depends on their and our ability to obtain the necessary visas and work permits for our personnel who need to travel internationally. If we are unable to obtain such visas or work permits, or if their issuance is delayed or if their length is shortened, we may not be able to provide services to our customers or to continue to provide services on a timely and cost-effective basis, receive revenues as early as expected or manage our delivery centers as efficiently as we otherwise could, any of which could have a material adverse effect on our business, results of operations and financial condition.

Immigration and work permit laws and regulations in the countries in which we have customers are subject to legislative and administrative changes as well as changes in the application of standards and enforcement. For example, the U.S. Congress has been actively considering various proposals that would make extensive changes to U.S. immigration laws regarding the admission of high-skilled temporary and permanent workers. Further, the current U.S. administration or Congress may seek to limit the admission of high-skilled temporary and permanent workers and has issued and may continue to issue executive orders designed to limit immigration. Any such provisions may increase our cost of doing business in the United States and may discourage customers from seeking our services. Our international expansion strategy and our business, results of operations and financial condition may be materially adversely affected if changes in immigration and work permit laws and regulations or the administration or enforcement of such laws or regulations impair our ability to staff projects with professionals who are not citizens of the country where the work is to be performed.

Risk Factors Relating to Our Indebtedness

We have a substantial amount of indebtedness, which may limit our operating flexibility and could adversely affect our results of operations and financial condition.

As of December 31, 2018, we had approximately $4 million in borrowings outstanding under our senior secured credit facility (the “Credit Facility”), which provided for up to $8 million in principal for revolving loans (the “Revolving Loans”) for general working capital purposes.

On January 23, 2019, certain subsidiaries of the Company, including Ameri100 Arizona LLC, Ameri100 Georgia, Inc., Ameri100 California, Inc. and Ameri and Partners, Inc., as borrowers (individually and collectively, “Borrower”) entered into a Loan and Security Agreement (the “Loan Agreement”), with North Mill Capital LLC, as lender (the “Lender”). The Loan Agreement has an initial term of two years from the closing date, with renewal thereafter if Lender, at its option, agrees in writing to extend the term for additional one year periods (the “Term”). The Loan Agreement is collateralized by a first-priority security interest in all of the assets of Borrower. In addition, (i) pursuant to a Corporate Guaranty entered into by the Company in favor of the Lender (the “Corporate Guaranty”), the Company has guaranteed the Borrower’s obligations under the Credit Facility and (ii) pursuant to a Security Agreement entered into between the Company and Lender (the “Security Agreement”), the Company granted a first-priority security interest in all of its assets to Lender.

The Borrowers received an initial advance on January 23, 2019 in an amount of approximately $2.85 million (the “Initial Advance”). Borrowings under the Credit Facility accrue interest at the prime rate (as designated by Wells Fargo Bank, National Association) plus one and three quarters percentage points (1.75%), but in no event shall the interest rate be less than seven and one-quarter percent (7.25%). Notwithstanding anything to the contrary contained in the Loan Documents, the minimum monthly interest payable by Borrower on the Advances (as defined in the Loan Agreement) in any month shall be calculated based on an average Daily Balance (as defined in the Loan Agreement) of Two Million Dollars ($2,000,000) for such month. For the first year of the Term, Borrower shall pay to Lender a facility fee equal to $50,000, due in equal monthly installments, with additional facility fees due to Lender in the event borrowings exceed certain thresholds and with additional facility fees due and payable in later years or upon later milestones. In addition, Borrower shall pay to Lender a monthly fee (the “Servicing Fee”) in an amount equal to one-eighth percent (.125%) of the average Daily Balance (as defined in the Loan Agreement) during each month on or before the first day of each calendar month during the Term.

The Company used approximately $2.75 million of the Initial Advance to repay all of its outstanding obligations under the Credit Facility. Upon payment, the Company’s obligations under the Credit Facility were terminated.

Borrower also agreed to certain negative covenants in the Loan Agreement, including that they will not, without the prior written consent of Lender, enter into any extraordinary transactions, dispose of assets, merge, acquire, or consolidate with or into any other business organization or restructure.

If an Event of Default (as defined in the Loan Agreement) occurs, Lender may, among other things, (i) declare all obligations immediately due and payable in full; (ii) cease advancing money or extending credit to or for the benefit of Borrower; and/or (iii) terminate the Loan Agreement as to any future liability or obligation of Lender, without affecting Lender’s right to repayment of all obligations and Lender’s security interests.

In addition, as of December 31, 2018, we have an outstanding aggregate of $1.25 million in 8% Convertible Unsecured Promissory Notes (the “2017 Notes”), which were issued to four accredited investors, including one of the Company’s then-directors, Dhruwa N. Rai, and David Luci, who became a director of the Company in February 2018. The 2017 Notes bear interest at 8% per annum until maturity in March 2020, with interest being paid annually on the first, second and third anniversaries of the issuance of the 2017 Notes beginning in March 2018. From and after an event of default and for so long as the event of default is continuing, the 2017 Notes will bear default interest at the rate of 10% per annum. The 2017 Notes can be prepaid by us at any time without penalty.

The 2017 Notes are convertible into shares of our common stock at a conversion price equal to $2.80. The holders of the 2017 Notes have the right, at their option, at any time and from time to time to convert, in part or in whole, the outstanding principal amount and all accrued and unpaid interest under the 2017 Notes into shares of the Company’s common stock at the then applicable conversion price.

The 2017 Notes rank junior to our secured credit facility with Sterling National Bank. The 2017 Notes also include certain negative covenants including, without the investors’ approval, restrictions on dividends and other restricted payments and reclassification of its stock.

Our level of indebtedness and the operating restrictions imposed by such indebtedness may make it difficult to service our debt and may adversely affect our ability to obtain additional financing, use operating cash flow in other areas of our business or otherwise adversely affect our operations.

Risks Relating to Our Securities

Our stock price may be volatile, which could result in substantial losses for investors.

The market price of our common stock may be volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- technological innovations or new products and services by us or our competitors;
- additions or departures of key personnel;
- sales of our common stock, including management shares;

- limited availability of freely-tradable “unrestricted” shares of our common stock to satisfy purchase orders and demand;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry developments;
- economic and other external factors;
- our ability to manage the costs of maintaining adequate internal financial controls and procedures in connection with the acquisition of additional businesses; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also significantly affect the market price of our common stock.

Our common stock could be subject to delisting from NASDAQ.

On December 10, 2018, we received a letter from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying the Company that, for the last 30 consecutive business days, the closing bid price for the Company’s common stock was below the minimum $1.00 per share requirement for continued listing on The Nasdaq Capital Market as set forth in Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”). The Nasdaq letter had no immediate effect on the listing of the Company’s common stock on the Nasdaq Capital Market.

In accordance with Nasdaq listing rules, the Company has been provided an initial period of 180 calendar days, or until June 10, 2019 (the “Compliance Date”), to regain compliance with the Minimum Bid Price Requirement. If, at any time during this 180-day period, the closing bid price of the Company’s common stock is at least $1.00 for a minimum of 10 consecutive business days, unless the Staff exercises its discretion to extend such 10-day period, the Staff will provide the Company written confirmation of compliance with the Minimum Bid Price Requirement and the matter will be closed. If the Company does not regain compliance by the Compliance Date, the Company may be eligible for an additional 180 calendar day compliance period. To qualify for such additional compliance period, the Company would have to meet the continued listing requirements of the NASDAQ Capital Market, except for the Minimum Bid Price Requirement, and the Company would need to provide written notice of its intention to cure the deficiency during the additional compliance period. If the Company is not eligible for the additional compliance period or it appears to the Staff that the Company will not be able to cure the deficiency or if the Staff exercises its discretion to not provide such additional compliance period, the Staff will provide written notice to the Company that its common stock will be subject to delisting. At that time, the Company may appeal the Staff’s delisting determination to a Nasdaq Hearing Panel.

Holders of our warrants will have no rights as a common stockholder until they exercise their warrants and acquire our common stock.

Until a holder of our warrants acquires shares of our common stock upon exercise of such warrants, such holder will have no rights with respect to shares of our common stock issuable upon exercise of the warrants. Upon exercise of warrants by, the holder shall become entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the exercise date.

A significant number of our shares are eligible for sale and their sale or potential sale may depress the market price of our common stock.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock. Certain of our stockholders currently hold shares which are subject to restrictive legends that may be eligible for removal, and if such stockholders complete the process for removal of an applicable restrictive legend, their shares will become freely tradeable. In addition, over 27.2 million shares are issuable upon exercise of options and warrants , settlement of restricted stock units and conversion of the 2017 Notes. Pursuant to an effective registration statement, 1,000,000 shares issuable upon exercise of outstanding warrants are freely tradeable unless they are purchased by our "affiliates," as defined in Rule 144 under the Securities Act. If any options are exercised, restricted stock units are settled or the 2017 Notes are converted, the shares issued upon such exercise, settlement or conversion (as applicable) will also be restricted, but may be sold under Rule 144 after the shares have been held for six months. Sales under Rule 144 may be subject to volume limitations and other conditions.

In addition to the possibility that actual sales of significant amounts of our common stock in the public market could harm our common stock price, the fact that our stockholders have the ability to make such sales could create a circumstance commonly referred to as an "overhang," in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, could also make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

We do not expect to pay dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends on our common stock in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors as our board of directors may consider relevant. In addition, no dividends will be declared or paid or set apart for payment on our common stock unless all accumulated accrued and unpaid dividends in respect of our Series A Preferred Stock are contemporaneously declared and paid in cash or declared and a sum of cash sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all past dividend periods with respect to which full dividends were not paid on the Series A Preferred Stock in cash. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

We currently have Series A Preferred Stock outstanding and our certificate of incorporation authorizes our board of directors to create new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our common stock.

Our board of directors has the authority to fix and determine the relative rights and preferences of preferred stock. Our board of directors also has the authority to issue preferred stock without further stockholder approval. We currently have 420,720 shares of Series A Preferred Stock outstanding. The Series A Preferred Stock Certificate of Designation provides for (a) the payment in-kind in additional shares of Series A Preferred of dividends for all dividend periods from April 1, 2018 through March 31, 2020 at a rate of 2% per annum of the liquidation preference (the "Adjusted Rate"); and, commencing April 1, 2020, we will pay cash dividends per share at a rate per annum equal to the Adjusted Rate multiplied by the liquidation preference; provided, however, dividends for periods ending after April 1, 2020 may be paid at the election of the Company's board of directors in-kind through the issuance of additional shares of Series A Preferred for up to four dividend periods in any consecutive 36-month period, determined on a rolling basis. Our Series A Preferred Stock gives its holders the preferred right to our assets upon liquidation, the right to receive dividend payments before dividends are distributed to the holders of common stock and the right to the redemption of the shares, together with a premium, prior to the redemption of our common stock. In addition, our board of directors could authorize the issuance of additional series of preferred stock with such rights preferential to the rights of our common stock, including the issuance of a series of preferred stock that has greater voting power than our common stock or that is convertible into our common stock, which could decrease the relative voting power of our common stock or result in dilution to our existing stockholders.

Because certain of our stockholders control a significant number of shares of our common stock, they may have effective control over actions requiring stockholder approval.

A small number of our stockholders, and their respective affiliates, collectively, control the majority of our voting securities. Accordingly, such stockholders, and their respective affiliates, will have significant influence on the ability to control the Company and the outcome of issues submitted to our stockholders.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We currently have limited research coverage by securities and industry analysts and you should not invest in our common stock in anticipation that we will obtain additional analyst coverage. If one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

If the benefits of any proposed acquisition do not meet the expectations of investors, stockholders or financial analysts, the market price of our common stock may decline.

If the benefits of any proposed acquisition do not meet the expectations of investors or securities analysts, the market price of our common stock prior to the closing of the proposed acquisition may decline. The market values of our common stock at the time of the proposed acquisition may vary significantly from their prices on the date the acquisition target was identified.

In addition, broad market and industry factors may materially harm the market price of our common stock irrespective of our operating performance. The stock market in general has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Changes in accounting principles and guidance, or their interpretation, could result in unfavorable accounting charges or effects, including changes to our previously filed financial statements, which could cause our stock price to decline.

We prepare our consolidated financial statements in accordance with GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles and guidance. A change in these principles or guidance, or in their interpretations, may have a significant effect on our reported results and retroactively affect previously reported results.

Being a public company results in additional expenses, diverts management's attention and could also adversely affect our ability to attract and retain qualified directors.

As a public reporting company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These requirements generate significant accounting, legal and financial compliance costs and make some activities more difficult, time consuming or costly and may place significant strain on our personnel and resources. The Exchange Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to establish the requisite disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight are required.

As a result, management's attention may be diverted from other business concerns, which could have an adverse and even material effect on our business, financial condition and results of operations. These rules and regulations may also make it more difficult and expensive for us to obtain director and officer liability insurance. If we are unable to obtain appropriate director and officer insurance, our ability to recruit and retain qualified officers and directors, especially those directors who may be deemed independent, could be adversely impacted.

If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain our listing on The Nasdaq Capital Market and if the price of our common stock is less than $5.00, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

We are an "emerging growth company" and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of some other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors.

As a public reporting company with less than $1,070,000,000 in revenue during our last fiscal year, we qualify as an "emerging growth company" under the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of certain reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. In particular, as an emerging growth company we:

- are not required to obtain an attestation and report from our auditors on our management's assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- are not required to provide a detailed narrative disclosure discussing our compensation principles, objectives and elements and analyzing how those elements fit with our principles and objectives (commonly referred to as "compensation discussion and analysis");
- are not required to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the "say-on-pay," "say-on-frequency" and "say-on-golden-parachute" votes);
- are exempt from certain executive compensation disclosure provisions requiring a pay-for-performance graph and CEO pay ratio disclosure;
- may present only two years of audited financial statements and only two years of related Management's Discussion & Analysis of Financial Condition and Results of Operations ("MD&A"); and
- are eligible to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act.

We intend to take advantage of all of these reduced reporting requirements and exemptions, including the longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act. Our election to use the phase-in periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the phase-in periods under §107 of the JOBS Act.

Certain of these reduced reporting requirements and exemptions were already available to us due to the fact that we also qualify as a "smaller reporting company" under SEC rules. For instance, smaller reporting companies are not required to obtain an auditor attestation and report regarding management's assessment of internal control over financial reporting; are not required to provide a compensation discussion and analysis; are not required to provide a pay-for-performance graph or Chief Executive Officer pay ratio disclosure; and may present only two years of audited financial statements and related MD&A disclosure.

Under the JOBS Act, we may take advantage of the above-described reduced reporting requirements and exemptions for up to five years after our initial sale of common equity pursuant to a registration statement declared effective under the Securities Act of 1933, as amended (the "Securities Act"), or such earlier time that we no longer meet the definition of an emerging growth company. In this regard, the JOBS Act provides that we would cease to be an "emerging growth company" if we have more than $1,070,000,000 in annual revenues, have more than $700 million in market value of our common stock held by non-affiliates, or issue more than $1.0 billion in principal amount of non-convertible debt over a three-year period. Further, under current SEC rules we will continue to qualify as a "smaller reporting company" for so long as we have a public float (i.e., the market value of common equity held by non-affiliates) of less than $250 million as of the last business day of our most recently completed second fiscal quarter.

We cannot predict if investors will find our securities less attractive due to our reliance on these exemptions.

Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, stock price and the value of our warrants.

We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. We are required to disclose changes made in our internal controls and procedures on a quarterly basis, and we are required to make internal annual assessments of our internal control over financial reporting pursuant to Section 404. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until we no longer qualify as an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal control can divert our management's attention from other matters that are important to the operation of our business. Additionally, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the Financial Industry Regulatory Agency, the SEC or other regulatory authorities, which could require additional financial and management resources.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and our directors; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. As a result of this assessment, our management concluded that, as of December 31, 2018, our internal control over financial reporting was not yet effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. This is largely due to the fact that we are acquiring privately held companies as part of our growth strategy and our control procedures over all acquired subsidiaries will not be effective until such time as we are able to fully integrate the acquisition with our company and set processes and procedures for the acquired entities. We are working to improve and harmonize our financial reporting controls and procedures across all of our companies.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

The Company's certificate of incorporation and bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions include:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to determine whether to issue shares of our preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- limiting the liability of, and providing indemnification to, our directors and officers;
- controlling the procedures for the conduct and scheduling of stockholder meetings; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

Our amended and restated bylaws designate courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our amended and restated bylaws provide that, unless we consent to an alternative forum, the Court of Chancery in the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the Superior Court of the State of Delaware, or, if such other court does not have jurisdiction, the United States District Court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware, or the Company's certificate of incorporation or the bylaws, or any action asserting a claim governed by the internal affairs doctrine. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive office is located in approximately 3,269 square feet of office space in Suwanee, Georgia and is situated within an office that also serves as the principal office of Ameri Georgia. We currently pay rent of $4,419 per month for our principal office. We also lease administrative, marketing and support facilities totaling approximately 17,000 square feet in Atlanta, Georgia; Folsom, California and Chandler, Arizona in the U.S. and Chennai, Mumbai, Noida and Bangalore, India. Most of our lease commitments end by 2020. We believe our present facilities are suitable and adequate for our current operating needs.

ITEM 3. LEGAL PROCEEDINGS

On May 1, 2018, MACT Holdings LLC, one of the former members of our subsidiary, Ameri Arizona, filed suit against us in the United States District Court for the Southern District of New York seeking damages in an amount equal to such former member's portion of accrued but unpaid earn-out payments of approximately $236,950 in respect of the 2017 earn-out period, plus attorneys' fees and expenses. All such amounts had been paid as of August 3, 2018. Such former member also asserted that he had elected to receive cash instead of stock consideration of 560,000 shares of common stock issued to him on July 30, 2018, and the Company has entered into a settlement agreement on February 4, 2019, in which the Company will pay an amount of $200,000 to such member in four equal monthly installments starting from February 2019 and ending in May 2019, which settles such dispute in its entirety.

Other than the above, we are not currently a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Common Stock Information

Our shares of common stock trade on The Nasdaq Capital Market under the ticker symbol "AMRH." .

Holders

As of March 1, 2019, we had 568 stockholders of record of our common stock. This number does not include beneficial owners whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

Dividend Policy

Holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available. We have not paid any dividends since our inception, and we presently anticipate that all earnings, if any, will be retained for development of our business. The Certificate of Designation for our Series A Preferred Stock prohibits the payment of dividends at any time that we are not current in the payment of dividends with respect to the Series A Preferred Stock. There are no other restrictions in our certificate of incorporation or by-laws that prevent us from declaring dividends. Any future disposition of dividends will be at the discretion of our board of directors and will depend upon, among other things, our future earnings, operating and financial condition, capital requirements and other factors.

Recent Sales of Unregistered Securities

2018 Issuances

On February 8, 2018, we issued 95,000 shares of our common stock to the former sole member of Virtuoso as payment of certain earn-out payments owed to him under the Virtuoso merger agreement. The former sole member of Virtuoso made representations to us regarding his knowledge and experience, ability to bear economic risk and investment purpose with respect to the restricted shares he received.

On July 5, 2018, we issued 51,000 restricted shares of our common stock to the two former stockholders of Bigtech software private limited as part of the total consideration for the acquisition of Bigtech. The shares were issued with a value of $1.15 per share. The former shareholders of Bigtech made representations to us regarding their knowledge and experience, ability to bear economic risk and investment purpose with respect to the restricted shares they received.

On July 10, 2018, we issued 221,449 shares of our common stock to the former member of Ameri Arizona as partial payment of certain earn-out payments owed to them under the purchase agreement for Ameri Arizona. The shares were issued with a value of $1.07 per share. The former members of Ameri Arizona made representations to us regarding their knowledge and experience, ability to bear economic risk and investment purpose with respect to the restricted shares they received.

On July 30, 2018, we issued 560,000 shares of our common stock to the former member of Ameri Arizona as payments owed to them under the purchase agreement for Ameri Arizona. The shares were issued with a value of $2.40 per share. The former member of Ameri Arizona made representations to us regarding their knowledge and experience, ability to bear economic risk and investment purpose with respect to the restricted shares they received.

On October 4, 2018, we issued 72,578 restricted shares of our common stock to the two former stockholders of Bigtech software private limited as part of the earn out for the acquisition of Bigtech. The shares were issued with a value of $1.38 per share. The former shareholders of Bigtech made representations to us regarding their knowledge and experience, ability to bear economic risk and investment purpose with respect to the restricted shares they received.

On December 15, 2018, we issued 50,000 restricted shares of our common stock to the former CFO as part of the separation. The shares were issued with a value of $0.23 per share.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable for smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Special Note Regarding Forward-Looking Information

The following discussion and analysis is provided to increase the understanding of, and should be read in conjunction with, our consolidated financial statements and related notes included elsewhere in this report. Historical results and percentage relationships among any amounts in these financial statements are not necessarily indicative of trends in operating results for any future period. This report contains "forward-looking statements." The statements, which are not historical facts contained in this report, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, and notes to our consolidated financial statements, particularly those that utilize terminology such as "may" "will," "should," "expects," "anticipates," "estimates," "believes," or "plans" or comparable terminology are forward-looking statements. Such statements are based on currently available operating, financial and competitive information, and are subject to various risks and uncertainties. Future events and our actual results may differ materially from the results reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, our ability to raise additional funding, our ability to maintain and grow our business, variability of operating results, our ability to maintain and enhance our brand, our development and introduction of new products and services, the successful integration of acquired companies, technologies and assets into our portfolio of software and services, marketing and other business development initiatives, competition in the industry, general government regulation, economic conditions, dependence on key personnel, the ability to attract, hire and retain personnel who possess the technical skills and experience necessary to meet the service requirements of our clients, our ability to protect our intellectual property, the potential liability with respect to actions taken by our existing and past employees, risks associated with international sales and other risks described herein and in our other filings with the SEC.

All forward-looking statements in this document are based on information currently available to us as of the date of this report, and we assume no obligation to update any forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Company History

We were incorporated under the laws of the State of Delaware in February 1994 as Spatializer Audio Laboratories, Inc., which had been a shell company until May of 2015. On May 26, 2015, we completed a "reverse merger" transaction, in which we caused Ameri100 Acquisition, Inc., a Delaware corporation as our newly created, wholly owned subsidiary, to be merged with and into Ameri and Partners (doing business as Ameri100), a Delaware corporation. As a result of the Merger, Ameri and Partners became our wholly owned subsidiary with Ameri and Partners' former stockholders acquiring a majority of the outstanding shares of our common stock. The Merger was consummated under Delaware law, pursuant to the Merger Agreement, and in connection with the Merger we changed our name to AMERI Holdings, Inc. Since the Merger, we have been an active holding company headquartered in Suwanee, Georgia, with offices across the United States that are supported by offices in India.

Overview

We specialize in delivering SAP cloud, digital and enterprise services to clients worldwide. Our SAP focus allows us to provide technological solutions to a broad and growing base of clients. Our model inverts the conventional global delivery model wherein offshore IT service providers are based abroad and maintain a minimal presence in the United States. With a strong SAP focus, our client partnerships anchor around SAP cloud and digital services.

We partnered with NEC Corporation of America (NEC), in February 2017, to offer SAP HANA Migration services. Through this partnership, the Company will offer solutions to its clients aspiring to make the transition from SAP ECC (on-premise) applications to SAP HANA applications. NEC is a leading technology integrator providing integrated communications, analytics, security, biometrics and technology solutions.

We generate revenue by providing consulting services under written service contracts with our customers. The service contracts we enter into generally fall into two categories: (1) time-and-materials contracts and (2) fixed-price contracts.

When a customer enters into a time-and-materials or fixed-price (or a periodic retainer-based) contract, the revenue is recognized in accordance with the deliverables of each contract. If the deliverables involve separate units of accounting, the consideration from the arrangement is measured and allocated to the separate units, based on vendor specific objective evidence of the value for each deliverable.

The revenue under time and materials contracts is recognized as services are rendered and performed at contractually agreed upon rates. Revenue pursuant to fixed-price contracts is recognized under the proportional performance method of accounting. We routinely evaluate whether revenue and profitability should be recognized in the current period. We estimate the proportional performance on fixed-price contracts on a monthly basis utilizing hours incurred to date as a percentage of total estimated hours to complete the project.

For the year ended December 31, 2018 and December 31, 2017, sales to five major customers accounted for approximately 39% and 43% of our total revenue, respectively. For the year ended December 31, 2018, two of our customers contributed 14% and 10% of our revenues, and for year ended December 31, 2017, one of our customer contributed 11% of our revenue.

We have obtained financing and additional capital from the sale of equity and incurrence of indebtedness in the past, and we continue to consider capital raising and financing from the sale of various types of equity and incurrence of indebtedness to provide capital for our business plans and operations in the future.

Matters that May or Are Currently Affecting Our Business

The main challenges and trends that could affect or are affecting our financial results include:

- Our ability to enter into additional technology-management and consulting agreements, to diversify our client base and to expand the geographic areas we serve;

- Our ability to attract competent, skilled professionals and on-demand technology partners for our operations at acceptable prices to manage our overhead;

- Our ability to acquire other technology services companies and integrate them with our existing business;

- Our ability to raise additional equity capital, if and when we needed;

- We may incur an impairment of the goodwill acquired from our prior business acquisitions if our acquired entities do not experience growth; and

- Our ability to control our costs of operation as we expand our organization and capabilities.

We have incurred significant and recurring operational losses as a result of our ongoing acquisition strategy. We have outstanding cash payment obligations related to our past acquisitions of approximately $2.7 million. Notwithstanding our working capital constraints, we are current in all payments to all our unsecured noteholders. We are working with certain of our unsecured noteholders to negotiate payment terms until we are able to raise more capital.

There can be no assurance that we will be able to secure additional sources of capital or that cost savings will provide sufficient working capital. If we continue to be unable to pay all outstanding payments under our unsecured notes, the unpaid noteholders may take legal action against us, they may accelerate the payment of the principal under the applicable notes, and our senior secured lender may call a cross-default under our existing credit facility, which could result in the acceleration of the obligations thereunder and have a negative impact on our revenue and financial results. Should we be unable to raise sufficient debt or equity capital, we could be forced to cease operations. Our plan regarding these matters is to work to raise additional debt and/or equity financing to allow us the ability to cover our current cash flow requirements and meet our obligations as they become due. There can be no assurances that financing will be available or if available, that such financing will be available under favorable terms.

Result of Operations

Results of Operations for the Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Net revenue	$ 42,998,280	$ 48,593,712
Cost of revenue	34,014,776	38,355,967
Gross profit	**8,983,504**	**10,237,745**
Operating expenses:		
Selling, general and administration	10,794,822	18,510,120
Depreciation and amortization	2,903,662	3,217,191
Acquisition related expenses	333,237	481,123
Changes in estimate for consideration payable	(6,940,310)	(1,074,158)
Impairment charges on goodwill and intangible assets	9,038,553	-
Operating expenses	**16,129,964**	**21,134,276**
Operating Income (loss):	**(7,146,460)**	**(10,896,531)**
Interest expense	(729,896)	(575,039)
Other income	88,161	4,995
Change in fair value of warrant liability	(2,760,819)	-
Total other income /(expenses)	**(3,402,554)**	**(570,044)**
Income (loss) before income taxes	**(10,549,014)**	**(11,466,575)**
Income tax benefit	(6,348,502)	2,391,762
Net Income (loss)	**(16,897,516)**	**(9,074,813)**
Dividend on preferred stock	(2,583,185)	(2,089,151)
Net (loss) attributable to common stock holders	**(19,480,701)**	**(11,163,964)**
Other comprehensive income/ (loss), net of tax:		
Foreign exchange translation adjustment	50,122	44,301
Total comprehensive income (loss)	**$ (19,430,579)**	**(11,119,663)**
Comprehensive (loss) attributable to the Company	(19,430,579)	(11,119,663)
Comprehensive (loss) attributable to the non-controlling interest	-	-
	(19,430,579)	**(11,119,663)**
Basic income (loss) per share	$ (0.82)	$ (0.75)
Diluted income (loss) per share	$ (0.82)	$ (0.75)
Basic weighted average number of shares	23,790,030	14,982,791
Diluted weighted average number of shares	23,790,030	14,982,791

Revenues

Revenues for the year ended December 31, 2018 decreased by $5.6 million, or 12%, as compared to the year ended December 31, 2017, mainly because we did not pursue certain low margin professional services business during the year ended December 31, 2018.

For the years ended December 31, 2018 and December 31, 2017, sales to five major customers accounted for approximately 39% and 43% of our total revenue, respectively. For the year ended December 31, 2018, two of our customers contributed 14% and 10% of our revenue, and for the year ended December 31, 2017, one of our customers contributed 11% of our revenue.

We derived most of our revenues from our customers located in North America for the years ended December 31, 2018 and December 31, 2017.

Gross Margin

Our gross margin was 21% for the year ended December 31, 2018 and December 31 2017.

Our target gross margins in future periods are anticipated to be in the range of 20% to 25% based on a mix of project revenues and professional service revenues. However, there is no assurance that we will achieve such anticipated gross margins.

Selling, General and Administration Expenses

Selling, general and administration ("SG&A") expenses include all costs, including rent costs, which are not directly associated with revenue-generating activities, as well as the non-cash expense for stock based compensation. These include employee costs, corporate costs and facilities costs. Employee costs include administrative salaries and related employee benefits, travel, recruiting and training costs. Corporate costs include reorganization costs, legal, accounting and outside consulting fees. Facilities costs primarily include rent and communications costs.

SG&A expenses for the year ended December 31, 2018 were $10.8 million, as compared to $18.5 million for the year ended December 31, 2017. SG&A expenses decreased by $7.7 million, of which $5.8 million was attributable to stock based compensation expense in 2017 and balance of $1.8 million is relating to the cost benefits we achieved through our restructuring done in 2017 and 2018.

Depreciation and Amortization

Depreciation and amortization expense amounted to $2.9 million for the year ended December 31, 2018, as compared to $3.2 million for the year ended December 31, 2017. We capitalized the customer lists acquired during various acquisitions, resulting in increased amortization costs. The customer lists from each acquisition are amortized over a period of 60 months. Our amortization schedule is as follows:

Year ending December 31,	$ Amount
2019	2,197,018
2020	2,076,018
2021	1,380,000
2022	125,000
Total	**$ 5,778,036**

Changes in Estimates

During the year ended December 30, 2018, the Company recognized a one-time non-cash gain of $6.9 million as a result of the Company's change in estimate of its consideration payable related to its acquisition of Ameri Arizona. The Company had previously accounted for total equity consideration payable of $10.4 million, which was reduced to $3.3 million as a result of two former members of Ameri Arizona electing to receive approximately $2.5 million in cash and the issuance of equity valued at $0.8 million to the third former member Ameri Arizona who had not elected to receive cash.

Impairment on goodwill and intangibles

As a result of our annual impairment testing on goodwill and of triggering events identified with respect to certain intangible assets, we recorded impairment charges of $9.0 million with respect to the goodwill of certain of our reporting units and certain customer lists.

Operating Income (loss)

Our operating loss was $7.1 million for the year ended December 31, 2018, as compared to $10.9 million for the year ended December 31, 2017. This decrease was mainly due to the significant decrease in stock based compensation expenses and restructuring benefits.

Interest Expense

Our interest expense for the year ended December 31, 2018 was $0.7 million as compared to $0.6 million for the year ended December 31, 2017.

Changes in fair value of warrant liability

In connection with a private placement transaction during 2018 as described further below, we issued warrants that were determined to be derivative financial instruments, and accordingly require adjustments to remeasure them to fair value upon certain events as described below. During the year ended December 31, 2018, we recognized $2.8 million in changes in fair value from the initial issuance date through the end of the year.

Income Taxes

current income tax expenses for the year ended was $0.2 million for the year ended December 31, 2018 and December 31, 2017. During the year ended December 31, 2018 the company has provided a valuation allowance of $6.1 million and for the year ended December 31, 2017 the company recorded deferred tax benefit of $2.4 million.

The total tax expenses was $6.3 million and $(2.4) million for the year ended December 31, 2018 and December 31, 2017 respectively.

Acquisition Related Expenses

We had acquisition related expenditures of $0.3 million and $0.5 million during the years ended December 31, 2018 and December 31, 2017, respectively. These expenses included legal, professional services, valuation and due diligence services and other acquisition related fees incurred in connection with our acquisitions. The decrease was due to the decline in acquisition related activities in the year ended December 31, 2018 as compared to the year ended December 31, 2017.

Liquidity and Capital Resources

Our cash position was $1.4 million as of December 31, 2018, as compared to $4.9 million as of December 31, 2017.

Cash used for operating activities was $2.6 million during the years ended December 31, 2018 and $2.7 million during the year ended December 31, 2017. We were able to control the level of cash used for operating activities from year to year through cost-cutting measures that reduced working capital requirements. Cash used in investing activities was $3.6 million during the year ended December 31, 2018. Cash provided by financing activities was $2.7 million during the year ended December 31, 2018 and was attributable to the sale of common stock through private placement and net bank borrowings.

Public offering and Private Placement

On November 21, 2017, we completed an underwritten public offering of 1,475,000 shares of our common stock, at a price of $4.115 per share, and warrants to purchase up to an aggregate of 1,475,000 shares of our common stock, at a price of $0.01 per warrant. The warrants have a per share exercise price of $4.115, were exercisable as of November 21, 2017 and expire five years from that date. The gross proceeds to us from this offering were approximately $6,084,375, before deducting underwriting discounts and commissions and other estimated offering expenses. In connection with the offering, we uplisted our common stock from the OTCQB Marketplace to trading on The Nasdaq Capital Market under the ticker symbol “AMRH”, and we listed the publicly offered warrants for trading on The Nasdaq Capital Market under the ticker symbol “AMRHW”.

On January 24, 2018, we received confirmation from our transfer agent, Corporate Stock Transfer, Inc., which also serves as the warrant agent for the public warrant, that through such date certain holders of warrants had cumulatively exercised warrants for the purchase of a total of 153,060 shares of our common stock, at an exercise price of $4.115 per share, for gross proceeds to us of $629,841.90

On July 25, 2018, we entered into a securities purchase agreement (the "Initial Securities Purchase Agreement") with certain institutional and accredited investors ("Initial Purchasers") for the sale of 5,000,000 shares of our common stock ("Initial Shares") and warrants to purchase a total of 4,000,001 shares ("Initial Warrant Shares") of our common stock ("Initial Purchaser Warrants") for total consideration of approximately $6,000,000 ("Initial Investment"). On July 30, 2018, we issued an aggregate of 3,250,000 of the Initial Shares to the Initial Purchasers, with the remaining Initial Shares to be issued pursuant to pre-funded Warrants, subject to adjustment. The $6,000,000 purchase price paid by the Initial Purchasers on July 30, 2018 represents the entire purchase price for the Initial Shares and the Initial Purchaser Warrants (excluding the exercise price to be paid upon the exercise of Initial Purchaser Warrants), including upon the issuance of additional Shares (through the adjustment of a pre-funded warrant) and for additional Warrant Shares issuable upon the occurrence of certain events described below.

On August 21, 2018, we entered into a second securities purchase agreement (the "Second Securities Purchase Agreement", and together with the Initial Securities Purchase Agreement, the "Purchase Agreements") with an accredited investor (the "Additional Purchaser", and with the Initial Purchaser, the "Purchasers") for the sale of 500,417 shares of our common stock, via a pre-funded warrant due to share issuance limitations (the "Additional Shares", and with the Initial Shares, the "Common Stock"), and warrants to purchase 400,333 shares (the "Additional Warrant Shares", and with the Initial Warrant Shares, the "Warrant Shares") of our common stock (the "Additional Purchaser Warrants", and with the Initial Purchaser Warrants, the "Purchaser Warrants") for gross proceeds of approximately $600,000 (the "Additional Investment"). The Additional Investment was made in connection with, and substantially on the same terms and using the same forms as, the private placement of the Initial Shares and Initial Purchaser Warrants (such private placement and the Additional Investment, the "Private Placement"). The $600,000 purchase price paid by the Additional Purchaser on August 21, 2018 represents the entire purchase price for the Additional Shares and the Additional Purchaser Warrants (excluding the exercise price to be paid upon the exercise of Additional Purchaser Warrants), including upon the issuance of additional Shares (through the adjustment of a pre-funded warrant, all pre-funded warrants with the Purchaser Warrants, the "Warrants") and for additional Warrant Shares issuable upon the occurrence of certain events described below.

The initial price per share of Common Stock equaled $1.20 and the initial per share exercise price of the Purchaser Warrants equaled $1.60. The per share purchase price and the exercise price were subject to adjustment as described below. The Initial Purchaser Warrants are immediately exercisable, subject to ownership limitations described below, and expire five years after the date of issuance. The Initial Purchaser Warrants are exercisable on a cashless basis six months after the issuance date if there is no effective registration statement registering the resale of the shares underlying the Initial Purchaser Warrants. The Additional Purchaser was not issued any shares at the closing of the Additional Investment, due to Nasdaq stock issuance limitations at the time of closing, but the Additional Shares will be issued upon the exercise of a pre-funded warrant for no additional consideration to the Company. The Additional Purchaser Warrants and the Additional Purchaser's pre-funded warrant are currently exercisable, subject to ownership limitations described below, and expire five years after the date of issuance. The Warrants contain provisions for the adjustment of the number of shares issuable upon the exercise of the warrant and of the exercise price in the event of stock dividends, splits, mergers, asset sales, tender or exchange offers, reclassifications, reorganizations or recapitalizations, combinations, or the like.

The per share purchase price (through the pre-funded Warrants) and Warrant exercise price was automatically adjusted lower (the "Price Adjustment") to 80% (with respect to the purchase price of the Common Stock) and 110% (with respect to the exercise price of the Warrants) of the lowest of the average daily prices on the 6 trading days following each of: (i) the date our stockholders approved the Private Placement transaction (such approval was obtained on September 27, 2018) and (ii) the date a registration statement covering the resale of securities being issued in the Private Placement was declared effective by the Securities and Exchange Commission (the "SEC") (such registration statement on Form S-1, file no. 333-227011, was declared effective on October 23, 2018 (the "Effective Registration")). Due to the Price Adjustment, the lowest purchase price of $0.29 for the Common Stock issued at closing under the Purchase Agreements and pursuant to the pre-funded Warrants was achieved, and all 22,758,621 shares registered under the Effective Registration as issued or issuable under the Purchase Agreements and pursuant to the pre-funded Warrants were issued to the selling stockholders. In addition, the exercise price of the Purchaser Warrants was subject to the Price Adjustment, which has resulted in 22,544,139 shares of common stock being issuable under the Purchaser Warrants when exercised. The Purchaser Warrants have been fully adjusted and neither the exercise price or the number of shares issuable under such warrants are subject to further adjustment, except pursuant to typical anti-dilution provisions.

In accordance with the exercise provisions of the Purchaser Warrants, the 22,544,139 shares issuable under the Purchaser Warrants following the full Price Adjustment was determined by holding constant the aggregate exercise price of $7,040,534.40 for the Purchaser Warrants at the time of closing of the Private Placement (which was calculated based on 4,400,334 total Purchaser Warrants at the closing date multiplied by the exercise price of $1.60, which equals $7,040,534.40), and then dividing the $7,040,534.40 aggregate exercise price by the post-Price Adjustment exercise price of $0.3123 to get 22,544,139 shares. As 18,206,897 shares of common stock issuable pursuant to the Purchaser Warrants were previously registered under the Effective Registration, 4,337,242 additional shares of common stock are to be registered pursuant to a new registration statement to cover all of the shares issuable under the Purchaser Warrants following the final Price Adjustment.

The Company has allocated the aggregate gross proceeds received to the Purchaser Warrants, the Initial Shares issued and the pre-funded warrants. Due to the reset features present in the Purchaser Warrants along with the existence of down-round protection in the event of future financing transactions at lower prices, the Purchaser Warrants were determined to be derivative financial instruments and therefore, have been recorded as a liability ("Warrant Liability") in the accompanying consolidated balance sheets. The Purchaser Warrants were initially recorded at fair value with fair value determined utilizing a Black-Scholes option pricing model with the following assumptions: expected term of 5 years; expected volatility of 111.8%; risk free interest rate of 2.37% and an expected dividend yield of zero. The calculated aggregate fair value of $1,429,000 was reflected as Warrant Liability. The remaining proceeds received under the Purchase Agreements were allocated to the Initial Shares and pre-funded warrants and recorded within stockholder's equity. The fair value of the Purchaser Warrants was reassessed to reflect the Price Adjustment and number of shares issuable upon exercise. The resulting increase in the fair value of the Purchaser Warrants of $2,760,819 was reflected as "Changes in Fair Value of Warrant Liability" within the accompanying consolidated statements of comprehensive income (loss).

Under the terms of all of the Warrants, a selling stockholder may not exercise Warrants to the extent such exercise would cause such selling stockholder, together with its affiliates and attribution parties, to beneficially own a number of shares of common stock which would exceed 4.99% or 9.99%, as applicable, of our then outstanding common stock following such exercise, excluding for purposes of such determination shares of common stock issuable upon exercise of the Warrants which have not been exercised. In addition, the Warrants have transaction-specific anti-dilution provisions.

A.G.P. / Alliance Global Partners ("AGP") acted as exclusive placement agent for the issuance and sale of the securities in the Private Placement. We agreed to pay AGP an aggregate fee equal to 7% of the gross proceeds received by us from the sale of the securities in the transaction, plus expenses. We also agreed to grant to AGP or its designees warrants to purchase up to 150,000 shares of our common stock (the "Placement Agent Warrants"). The Placement Agent Warrants are currently exercisable and terminate on July 27, 2022. The Placement Agent Warrants have an exercise price of $1.32 per share. The terms of the Placement Agent Warrants are otherwise substantially similar to the terms of the Private Placement Warrants, except the Placement Agent Warrants have customary anti-dilution provisions and do not have the Price Adjustment mechanism. The Placement Agent Warrants were valued at the date of grant utilizing a Black-Scholes option pricing model with substantially similar assumptions to those used for the Purchaser Warrants. The resulting fair value of $49,000 was recorded within stockholder's equity as a cost of the Private Placement transaction.

Liquidity Concerns

As of December 31, 2018, we had negative working capital of $4.7 million and cash of $1.4 million. Our principal sources of cash have included bank borrowings, the private placement of shares and net bank borrowings. To increase revenues, our operating expenses are likely to continue to grow and, as a result, we will need to generate significant additional revenues to cover such expenses.

Our financial statements as of December 31, 2018 have been prepared under the assumption that we will continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to raise additional funding through the issuance of equity or debt securities, as well as to attain further operating efficiencies and, ultimately, to generate additional revenues. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. We can give no assurances that additional capital that we are able to obtain, if any, will be sufficient to meet our needs. The foregoing conditions raise substantial doubt about our ability to continue as a going concern.

Available Credit Facility, Borrowings and Repayment of Debt

On July 1, 2016, the Company entered into a Loan and Security Agreement (the "Loan Agreement"), with its wholly-owned subsidiaries Ameri and Partners and Ameri Georgia, as borrowers (the "Borrowers"), the Company and its wholly-owned subsidiaries Linear Logics, Corp. and WinHire Inc. (dissolved in March 2017) serving as guarantors, the Company's former Chief Executive Officer, serving as a validity guarantor, and Sterling National Bank, N.A. (as lender and as agent, "Sterling"). The Company joined Ameri California, Virtuoso and Ameri Arizona as borrowers under the Loan Agreement following their respective acquisition.

Under the Loan Agreement, the Borrowers could borrow up to an aggregate of $10 million The outstanding balance under the Loan Agreement as of December 31, 2018 was $4 million.

On January 23, 2019, certain subsidiaries of the Company, including Ameri100 Arizona LLC, Ameri100 Georgia, Inc., Ameri100 California, Inc. and Ameri and Partners, Inc., as borrowers (individually and collectively, "Borrower") entered into a Loan and Security Agreement (the "Loan Agreement"), with North Mill Capital LLC, as lender (the "Lender"). The Loan Agreement has an initial term of two years from the closing date, with renewal thereafter if Lender, at its option, agrees in writing to extend the term for additional one year periods (the "Term"). The Loan Agreement is collateralized by a first-priority security interest in all of the assets of Borrower. In addition, (i) pursuant to a Corporate Guaranty entered into by the Company in favor of the Lender (the "Corporate Guaranty"), the Company has guaranteed the Borrower's obligations under the Credit Facility and (ii) pursuant to a Security Agreement entered into between the Company and Lender (the "Security Agreement"), the Company granted a first-priority security interest in all of its assets to Lender.

The Borrowers received an initial advance on January 23, 2019 in an amount of approximately $2.85 million (the "Initial Advance"). Borrowings under the Credit Facility accrue interest at the prime rate (as designated by Wells Fargo Bank, National Association) plus one and three quarters percentage points (1.75%), but in no event shall the interest rate be less than seven and one-quarter percent (7.25%). Notwithstanding anything to the contrary contained in the Loan Documents, the minimum monthly interest payable by Borrower on the Advances (as defined in the Loan Agreement) in any month shall be calculated based on an average Daily Balance (as defined in the Loan Agreement) of Two Million Dollars ($2,000,000) for such month. For the first year of the Term, Borrower shall pay to Lender a facility fee equal to $50,000, due in equal monthly installments, with additional facility fees due to Lender in the event borrowings exceed certain thresholds and with additional facility fees due and payable in later years or upon later milestones. In addition, Borrower shall pay to Lender a monthly fee (the "Servicing Fee") in an amount equal to one-eighth percent (.125%) of the average Daily Balance (as defined in the Loan Agreement) during each month on or before the first day of each calendar month during the Term.

The Company used approximately $2.75 million of the Initial Advance to repay all of its outstanding obligations under the Sterling National bank Credit Facility. Upon payment, the Company's obligations under the Sterling National Bank Credit Facility were terminated.

Borrower also agreed to certain negative covenants in the Loan Agreement, including that they will not, without the prior written consent of Lender, enter into any extraordinary transactions, dispose of assets, merge, acquire, or consolidate with or into any other business organization or restructure.

If an Event of Default (as defined in the Loan Agreement) occurs, Lender may, among other things, (i) declare all obligations immediately due and payable in full; (ii) cease advancing money or extending credit to or for the benefit of Borrower; and/or (iii) terminate the Loan Agreement as to any future liability or obligation of Lender, without affecting Lender's right to repayment of all obligations and Lender's security interests.

On March 7, 2017, we completed the sale and issuance of the 2017 Notes for aggregate proceeds to us of $1.25 million from four accredited investors, including one of the Company's then-directors, Dhruwa N. Rai, and David Luci, who became a director of the Company in February 2018. The 2017 Notes were issued pursuant to Securities Purchase Agreements between the Company and each investor. The 2017 Notes bear interest at 8% per annum until maturity in March 2020, with interest being paid annually on the first, second and third anniversaries of the issuance of the 2017 Notes beginning in March 2018. From and after an event of default and for so long as the event of default is continuing, the 2017 Notes will bear default interest at the rate of 10% per annum. The 2017 Notes can be prepaid by us at any time without penalty.

The 2017 Notes are convertible into shares of our common stock at a conversion price equal to $2.80. The holders of the 2017 Notes have the right, at their option, at any time and from time to time to convert, in part or in whole, the outstanding principal amount and all accrued and unpaid interest under the 2017 Notes into shares of the Company's common stock at the conversion price.

The 2017 Notes rank junior to our secured credit facility with Sterling National Bank. The 2017 Notes also include certain negative covenants including, without the investors' approval, restrictions on dividends and other restricted payments and reclassification of its stock.

Future Sources of Liquidity

We expect our primary sources of cash to be customer collections and external financing. We also continue to work on cost reductions, and we have initiated steps to reduce our overhead to improve cash savings. We may raise additional capital through the sale of equity or debt securities or borrowings from financial institutions or third parties or a combination of the foregoing. Capital raised will be used to implement our business plan, grow current operations, make acquisitions or start new vertical businesses among some of the possible uses.

Accounts Receivable

Accounts receivable for the year ended December 31, 2018 were $7.9 million as compared to $8.9 million as on December 31, 2017.

Accounts Payable

Accounts payable for the year ended December 31, 2018 were $4.4 million as compared to $5.3 million as on December 31, 2017.

Other Accrued Expenses

Accrued expenses for the year ended December 31, 2018 were $1.7 million as compared to $2.6 as on December 31, 2017.

Foreign Currency Risk

Overall, we believe that we have limited currency risk resulting from movement in foreign currency exchange rates as most of our revenues are derived from customers located in North America.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Impact of Inflation

We do not believe that inflation had a significant impact on our results of operations for the periods presented. On an ongoing basis, we attempt to minimize any effects of inflation on our operating results by controlling operating costs and, whenever possible, seeking to ensure that billing rates reflect increases in costs due to inflation.

Critical Accounting Policies

Revenue Recognition. We recognize revenue in accordance with the Accounting Standard Codification 606 “Revenue Recognition.” Revenue is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller’s price to buyer is fixed and determinable, and (4) collectability is reasonably assured. We recognize revenue from information technology services as the services are provided. Service revenues are recognized based on contracted hourly rates, as services are rendered or upon completion of specified contracted services and acceptance by the customer.

Stock-Based Compensation. Stock-based compensation expense for awards of equity instruments to employees and non-employee directors is determined based on the grant-date fair value of those awards. We recognize these compensation costs net of an estimated forfeiture rate over the requisite service period of the award. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Warrant Liability. The Company accounts for the warrants issued in connection with the July 25, 2018 Initial Securities Purchase Agreement in accordance with the guidance on Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, which provides that the Company classifies the warrant instrument as a liability at its fair value and adjusts the instrument to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company’s statement of operations. The fair value of warrants issued by the Company in connection with private placements of securities has been estimated using the warrants quoted market price.

Impairment. Long-lived assets, which include property, plant and equipment, and certain other assets to be held and used by us, are reviewed when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable based on estimated future cash flows. If this assessment indicates that the carrying values will not be recoverable, as determined based on undiscounted cash flows over the remaining useful lives, an impairment loss is recognized based on the fair value of the asset.

Income Taxes. We provide for income taxes utilizing the asset and liability method of accounting. Under this method, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each balance sheet date, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. If it is determined that it is more likely than not that future tax benefits associated with a deferred income tax asset will not be realized, a valuation allowance is provided. The effect on deferred income tax assets and liabilities of a change in the tax rates is recognized in income in the period that includes the enactment date. Tax benefits earned on employee stock awards in excess of recorded stock-based compensation expense are credited to additional paid-in capital. Our provision for income taxes also includes the impact of provisions established for uncertain income tax positions, as well as the related interest.

Accounts Receivable. We extend credit to clients based upon management’s assessment of their credit-worthiness on an unsecured basis. We provide an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. We include any balances that are determined to be uncollectible in allowance for doubtful accounts.

Business Combination. We account for business combinations using the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date and the allocation of the purchase price paid by the acquirer to the identifiable tangible and intangible assets acquired, the liabilities assumed, including any contingent consideration and any non-controlling interest in the acquiree at their acquisition date fair values. Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets. Identifiable intangible assets with finite lives are amortized over their useful lives. Acquisition-related costs are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in our consolidated financial statements from the acquisition date.

Goodwill and Purchased Intangibles. We evaluate goodwill and purchased intangible assets for impairment at least annually, or as circumstances warrant. Goodwill is evaluated at the reporting unit level by comparing the fair value of the reporting unit with its carrying amount. For purchased intangible assets, if our annual qualitative assessment indicates possible impairment, we test the assets for impairment by comparing the fair value of such assets to their carrying value. In determining the fair value, we utilize various estimates and assumptions, including discount rates and projections of future cash flows. If an impairment is indicated, a write down to the implied fair value of goodwill or fair value of intangible asset is recorded.

Valuation of Contingent Earn-out Consideration. Acquisitions may include contingent consideration payments based on the achievement of certain future financial performance measures of the acquired company. Contingent consideration is required to be recognized at fair value as of the acquisition date. We estimate the fair value of these liabilities based on financial projections of the acquired companies and estimated probabilities of achievement. We believe our estimates and assumptions are reasonable, however, there is significant judgment involved. We evaluate, on a routine, periodic basis, the estimated fair value of the contingent consideration and changes in estimated fair value, subsequent to the initial fair value estimate at the time of the acquisition, will be reflected in income or expense in the consolidated statements of operations. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of revenue and/or earnings estimates and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria. Any changes in the estimated fair value of contingent consideration may have a material impact on our operating results.

Recent Accounting Pronouncements

New Standards to Be Implemented

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”. This new standard replaces the existing guidance on leases and requires the lessee to recognize a right-of-use asset and a lease liability for all leases with lease terms equal to or greater than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize total lease expense on a straight-line basis. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2018. Upon adoption, entities will be required to use a modified retrospective transition which provides for certain practical expedients. Entities are required to apply the new standard at the beginning of the earliest comparative period presented. Early adoption of this new standard is permitted. The Company is currently evaluating the effect this new standard will have on its consolidated financial statements and related disclosures. The Company does not expect the requirement to recognize a right-of-use asset and a lease liability for operating leases to have a material impact on the presentation of its consolidated statements of financial position.

On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. This new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years, but earlier adoption is permitted. The Company does not believe the adoption of this new standard will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, simplifying the Test for Goodwill Impairment. Under this new standard, goodwill impairment would be measured as the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017. Based on the Company’s preliminary assessment of the foregoing update, it does not anticipate such update will have a material impact its financial statements.

Standards Implemented

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (ASU 2016-15), which clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The company has implemented the above standard effective this quarter and has made the respective disclosures in Statement of Cash Flow.

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," which supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)." This ASU requires an entity to recognize revenue when goods are transferred or services are provided to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This ASU also requires disclosures enabling users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606), deferral of the Effective Date." With the issuance of ASU 2015-14, the new revenue guidance ASU 2014-09 will be effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018, using one of two prescribed retrospective methods. In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customer (Topic 606), Identifying Performance Obligations and Licensing." The guidance is applicable from the date of applicability of ASU 2014-09. This ASU finalizes the amendments to the guidance on the new revenue standard on the identification of performance obligations and accounting for licenses of intellectual property. In December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements (Topic 606)" which is applicable from the date of applicability of ASU 2014-09. This guidance provides optional exemptions from the disclosure requirement for remaining performance obligations for specific situations in which an entity need not estimate variable consideration to recognize revenue. In May 2016, FASB issued ASU No. 2016-12, "Narrow-Scope Improvements and Practical Expedients". This amendment clarified certain aspects of Topic 606 and will be applicable from the date of applicability of ASU 2014-09. The company has implemented the above standard.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company," we are not required to provide the information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this Item is submitted as a separate section of this report beginning on page F-1.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. 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 provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this annual report, being December 31, 2018, we have carried out an evaluation of the effectiveness of the design and operation of our Company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our Company's management, including our Company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our company's Chief Executive Officer and Chief Financial Officer concluded that our company's disclosure controls and procedures are not yet effective as of the end of the period covered by this report as noted below in management's report on internal control over financial reporting. This is largely due to the fact that we are acquiring privately held companies as part of our growth strategy and our control procedures over all acquired subsidiaries will not be effective until such time as we are able to fully integrate the acquisition with our company and set processes and procedures for the acquired entities. We are working to improve and harmonize our financial reporting controls and procedures across all of our companies. There have been no changes in our internal controls over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles; providing reasonable assurance that receipts and expenditures are made in accordance with authorizations of management and our directors; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. As a result of this assessment, our management concluded that, as of December 31, 2018, our internal control over financial reporting was not yet effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. This is largely due to the fact that we are acquiring privately held companies as part of our growth strategy and our control procedures over all acquired subsidiaries will not be effective until such time as we are able to fully integrate the acquisitions with our company and set processes and procedures for the acquired entities. We are working to improve and harmonize our financial reporting controls and procedures across all of our companies.

This annual report does not include an attestation report of our independent auditors regarding internal control over financial reporting. Management's report was not subject to attestation by our independent auditors pursuant to rules of the SEC that permit our company to provide only management's report in this annual report.

Inherent Limitations on Effectiveness of Controls

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization and personnel factors. Internal control over financial reporting is a process, which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in the Exchange Act, Rules 13a-15(f)) that occurred during the quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 21, 2019, the Company received a second letter from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) in which the Staff informed the Company that it is no longer in compliance with Nasdaq’s independent director requirements for the audit and compensation committees as set forth in Listing Rule 5605. This was due to the resignation of James Shad from the Company’s Board of Directors on February 13, 2019. The Staff advised, that consistent with Listing Rule 5605(c)(4) and 5605(d)(4), Nasdaq will provide the Company a cure period in order to regain compliance as follows: (a) until the earlier of the Company’s next annual shareholders’ meeting or February 13, 2020; or (b) if the next annual shareholders’ meeting is held before August 12, 2019, then the Company must evidence compliance no later than August 12, 2019.

Accordingly, on March 25, 2019, the Board appointed Thoranath Sukumaran to both the audit and compensation committees. The Company now believes it has regained compliance with Listing Rule 5605.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required in response to this Item is incorporated herein by reference from our proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our fiscal year ended December 31, 2018.

Our Board has adopted a Code of Business Conduct and Ethics applicable to our Chief Executive Officer, Chief Financial Officer and all of our other employees. This Code of Business Conduct and Ethics is posted on our website at www.amer100.com in the Investor Relations section. We intend to satisfy the disclosure requirement under Item 10 of Form 8-K regarding an amendment to, or a waiver from, the provision of our Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relates to any element of such provision of our Code of Ethics by posting such information on our website within four business days of the date of such amendment or waiver. In the case of a waiver, the nature of the waiver, the name of the person to whom the waiver was granted and the date of the waiver will also be disclosed.

ITEM 11. EXECUTIVE COMPENSATION

The information required in response to this Item is incorporated herein by reference from our proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our fiscal year ended December 31, 2018.

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

The information required in response to this Item is incorporated herein by reference from our proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our fiscal year ended December 31, 2018.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required in response to this Item is incorporated herein by reference from our proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our fiscal year ended December 31, 2018.

ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

The information required in response to this Item is incorporated herein by reference from our proxy statement to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our fiscal year ended December 31, 2018.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit	Description
2.1	Share Purchase Agreement, dated as of November 20, 2015, by and among Ameri Holdings, Inc., Bellsoft, Inc., and all of the shareholders of Bellsoft (filed as Exhibit 2.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 23, 2015 and incorporated herein by reference).
2.2	Agreement of Merger and Plan of Reorganization, dated as of July 22, 2016, by and among Ameri Holdings, Inc., Virtuoso Acquisition Inc., Ameri100 Virtuoso Inc., Virtuoso, L.L.C. and the sole member of Virtuoso, L.L.C. (filed as Exhibit 2.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on July 27, 2016 and incorporated herein by reference).
2.3	Membership Interest Purchase Agreement, dated as of July 29, 2016, by and among Ameri Holdings, Inc., DC&M Partners, L.L.C., all of the members of DC&M Partners, L.L.C., Giri Devanur and Srinidhi "Dev" Devanur (filed as Exhibit 2.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 1, 2016 and incorporated herein by reference).
2.4	Share Purchase Agreement, dated as of March 10, 2017, by and among Ameri Holdings, Inc., ATCG Technology Solutions, Inc., all of the stockholders of ATCG Technology Solutions, Inc., and the stockholders' representative (filed as Exhibit 2.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 13, 2017 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of Ameri Holdings, Inc. (filed as Exhibit 3.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 23, 2016 and incorporated herein by reference).
3.2	Amended and Restated Certificate of Designation of Rights and Preferences of 9.00% Series A Cumulative Preferred Stock (filed as Exhibit 3.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 17, 2018 and incorporated herein by reference).
3.3	Amended and Restated Bylaws of Ameri Holdings, Inc. (filed as Exhibit 3.2 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 23, 2016 and incorporated herein by reference).
4.1	Warrant Agent Agreement dated November 17, 2017 between Ameri Holdings, Inc. and Corporate Stock Transfer, Inc. (includes form of Warrant) (filed as Exhibit 4.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on November 17, 2017 and incorporated herein by reference).
4.2	Form of Certificate Representing Shares of Common Stock of Registrant (filed as Exhibit 4.1 to Ameri Holdings, Inc.'s Registration Statement on Form S-8 filed with the SEC on December 17, 2015 and incorporated herein by reference).
4.3	Form of Common Stock Purchase Warrant issued by Ameri Holdings, Inc. to Lone Star Value Investors, LP, dated May 26, 2015 (filed as Exhibit 4.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 1, 2015 and incorporated herein by reference).
4.4	Common Stock Purchase Warrant, dated May 12, 2016, issued by Ameri Holdings, Inc. to Lone Star Value Investors, LP, dated May 12, 2016 (filed as Exhibit 4.3 to Ameri Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 16, 2016 and incorporated herein by reference).
4.5	Amended and Restated Registration Rights Agreement, dated May 12, 2016, by and between Ameri Holdings, Inc. and Lone Star Value Investors, LP (filed as Exhibit 10.3 to Ameri Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on May 16, 2016 and incorporated herein by reference).

4.6	Form of 8% Convertible Unsecured Promissory Note due March 2020 (filed as Exhibit 10.2 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 8, 2017 and incorporated herein by reference).
4.7	Form of Registration Rights Agreement for 2017 Notes Investors (filed as Exhibit 10.3 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 8, 2017 and incorporated herein by reference).
4.8	Form of 6% Unsecured Promissory Note (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 13, 2017 and incorporated herein by reference).
4.9	Registration Rights Agreement by and among AMERI Holdings, Inc. and each purchaser named in the signature pages thereto (filed as Exhibit 10.2 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on July 30, 2018 and incorporated herein by reference).
4.10	Form of Warrant issued in July 2018 Financing (filed as Exhibit 4.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on July 30, 2018 and incorporated herein by reference).
4.11	Form of Placement Agent Warrant issued in July 2018 Financing (filed as Exhibit 4.2 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on July 30, 2018 and incorporated herein by reference).
4.12	Warrant Agent Agreement dated August 16, 2018 between Ameri Holdings, Inc. and Corporate Stock Transfer, Inc. (includes form of Warrant) (filed as Exhibit 4.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 17, 2018 and incorporated herein by reference).
10.1	Securities Purchase Agreement, dated as of May 26, 2015, by and between Ameri Holdings, Inc. and Lone Star Value Investors, LP. (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 1, 2015 and incorporated herein by reference).
10.2	Form of Director Indemnification Agreement. (filed as Exhibit 10.6 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 1, 2015 and incorporated herein by reference).
10.3	Form of Option Grant Letter. (filed as Exhibit 10.7 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 1, 2015 and incorporated herein by reference).
10.4	2015 Equity Incentive Award Plan. (filed as Exhibit 10.8 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 1, 2015 and incorporated herein by reference).
10.5	Form of Restricted Stock Unit Agreement (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on November 23, 2015 and incorporated herein by reference).
10.6	Securities Purchase Agreement, dated as of April 20, 2016, by and between Ameri Holdings, Inc. and Dhruwa N. Rai (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on April 21, 2016 and incorporated herein by reference).
10.7	Exchange Agreement, dated as of December 30, 2016, between Ameri Holdings, Inc. and Lone Star Value Investors, LP (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 4, 2017 and incorporated herein by reference).
10.8	Form of Securities Purchase Agreement for 2017 Notes Investors (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 8, 2017 and incorporated herein by reference).
10.9	Amendment to 6% Unsecured Promissory Note and Waiver Agreement, dated February 28, 2018, by and between Ameri Holdings, Inc. and Moneta Ventures Fund I, L.P. (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on March 2, 2018 and incorporated herein by reference).
10.10	Amendment Agreement, dated as of June 22, 2018, by and between Ameri Holdings, Inc. and Lone Star Value Investors, LP. (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on June 26, 2018 and incorporated herein by reference).
10.11	Securities Purchase Agreement dated as of July 25, 2018, by and among AMERI Holdings, Inc. and each purchaser named in the signature pages thereto (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on July 30, 2018 and incorporated herein by reference).

10.12	First Amendment to the Ameri Holdings, Inc. 2015 Equity Incentive Award Plan. (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on August 17, 2018 and incorporated herein by reference).
10.13	Employment Letter, dated October 17, 2018, between Ameri and Partners Inc and Barry Kostiner (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on October 17, 2018 and incorporated herein by reference).
10.14	Employment Agreement between Srinidhi "Dev" Devanur and the Company, effective December 11, 2018 (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 14, 2018 and incorporated herein by reference).
10.15	Loan and Security Agreement, dated January 23, 2019, by and between (i) Ameri100 Arizona LLC, (ii) Ameri100 Georgia, Inc., (iii) Ameri100 California, Inc. and (iv) Ameri and Partners, Inc. and North Mill Capital LLC (filed as Exhibit 10.1 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 25, 2019 and incorporated herein by reference).
10.16	Revolving Credit Master Promissory Note, dated January 23, 2019 (filed as Exhibit 10.2 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 25, 2019 and incorporated herein by reference).
10.17	Corporate Guaranty, dated January 23, 2019, by Ameri Holdings, Inc. in favor of North Mill Capital LLC (filed as Exhibit 10.3 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 25, 2019 and incorporated herein by reference).
10.18	Security Agreement, dated January 23, 2019, by and between Ameri Holdings, Inc. and North Mill Capital LLC (filed as Exhibit 10.4 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 25, 2019 and incorporated herein by reference).
10.19	Form of Guarantor Indemnification Agreement (filed as Exhibit 10.5 to Ameri Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on January 25, 2019 and incorporated herein by reference).
21.1*	List of Subsidiaries.
23.1*	Consent of Ram Associates, CPA.
31.1*	Section 302 Certification of Principal Executive Officer
31.2*	Section 302 Certification of Principal Financial and Accounting Officer
32.1**	Section 906 Certification of Principal Executive Officer
32.2**	Section 906 Certification of Principal Financial and Accounting Officer
101*	The following materials from Ameri Holdings, Inc.'s Annual Report on Form 10-K for the twelve months ended December 31, 2017 are formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Stockholders' Equity (Deficit), (iv) the Consolidated Statements of Cash Flow, and (iv) Notes to the Consolidated Financial Statements.

* Filed herewith.

** In accordance with Item 601of Regulation S-K, this Exhibit is hereby furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
AMERI Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ameri Holdings, Inc. and subsidiaries (the Company) as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ram Associates

We have served as the Company's auditor since 2015.

Hamilton, NJ

March 25, 2019.

AMERI HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 1,371,331	$ 4,882,084
Accounts receivable	7,871,422	8,838,453
Other current assets	818,600	924,266
Total current assets	**10,061,353**	**14,644,803**
Other assets:		
Property and equipment, net	58,892	95,048
Intangible assets, net	5,778,036	9,469.703
Goodwill	13,729,770	21,898,323
Deferred income tax assets, net	9,399	6,088,751
Total other assets	**19,576,097**	**37,551,825**
Total assets	**$ 29,637,450**	**$ 52,196,628**
Liabilities		
Current liabilities:		
Line of credit	$ 3,950,681	$ 4,053,318
Accounts payable	4,377,794	5,324,872
Other accrued expenses	1,697,636	2,582,661
Current portion - long-term notes	6,450	749,551
Convertible notes	1,250,000	-
Consideration payable – cash	2,696,000	5,509,427
Consideration payable – equity	605,223	12,148,053
Dividend payable – Preferred stock	105,181	-
Total current liabilities	**14,688,965**	**30,367,882**
Long-term liabilities:		
Convertible notes	-	1,250,000
Long term notes – net of current portion	-	1,130,563
Warrant liability	4,189,388	-
Total long-term liabilities	**4,189,388**	**2,380,563**
Total liabilities	**18,878,353**	**32,748,445**
Stockholders' equity:		
Preferred stock, $0.01 par value; 1,000,000 authorized, 420,720 and 405,395 issued and outstanding as of December 31, 2018 and December 31, 2017, respectively	4,207	4,054
Common stock, $0.01 par value; 100,000,000 shares authorized, 42,329,121 and 18,162,723 issued and outstanding as of December 31, 2018 and December 31, 2017, respectively	423,290	181,625
Additional paid-in capital	44,722,856	34,223,181
Accumulated deficit	(34,478,253)	(14,997,552)
Accumulated other comprehensive income (loss)	86,997	36,875
Total stockholders' equity	**10,759,097**	**19,448,183**
Total liabilities and stockholders' equity	**$ 29,637,450**	**$ 52,196,628**

See notes to the consolidated financial statements.

AMERI HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2017
Net revenue	$ 42,998,280	$ 48,593,712
Cost of revenue	34,014,776	38,355,967
Gross profit	**8,983,504**	**10,237,745**
Operating expenses:		
Selling, general and administration	10,794,822	18,510,120
Depreciation and amortization	2,903,662	3,217,191
Acquisition related expenses	333,237	481,123
Changes in estimate for consideration payable	(6,940,310)	(1,074,158)
Impairment charges on goodwill and intangible assets	9,038,553	-
Operating expenses	**16,129,964**	**21,134,276**
Operating Income (loss):	**(7,146,460)**	**(10,896,531)**
Interest expense	(729,896)	(575,039)
Other income	88,161	4,995
Change in fair value of warrant liability	(2,760,819)	-
Total other income /(expenses)	**(3,402,554)**	**(570,044)**
Income (loss) before income taxes	**(10,549,014)**	**(11,466,575)**
Income tax benefit	(6,348,502)	2,391,762
Net Income (loss)	**(16,897,516)**	**(9,074,813)**
Dividend on preferred stock	(2,583,185)	(2,089,151)
Net (loss) attributable to common stock holders	**(19,480,701)**	**(11,163,964)**
Other comprehensive income/ (loss), net of tax:		
Foreign exchange translation adjustment	50,122	44,301
Total comprehensive income (loss)	**$ (19,430,579)**	**(11,119,663)**
Comprehensive (loss) attributable to the Company	(19,430,579)	(11,119,663)
Comprehensive (loss) attributable to the non-controlling interest	-	-
	(19,430,579)	**(11,119,663)**
Basic income (loss) per share	$ (0.82)	$ (0.75)
Diluted income (loss) per share	$ (0.82)	$ (0.75)
Basic weighted average number of shares	23,790,030	14,982,791
Diluted weighted average number of shares	23,790,030	14,982,791

See notes to the consolidated financial statements.

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AMERI HOLDINGS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
DECEMBER 31, 2018

	Common Stock		Preferred Stock						
	Shares	**Par Value at $0.01**	**Shares**	**Par Value at $0.01**	**Additional Paid-in Capital**	**Foreign Currency Translation Reserve**	**Retained Earnings**	**Non-Controlling Interests**	**Total stockholders' Equity**
Balance at December 31, 2016	**13,885,972**	**$ 138,860**	**363,611**	**$ 3,636**	**$ 15,358,839**	**$ -7,426**	**$ -3,833,588**	**$ 3,382**	**$ 11,663,703**
Shares issued against services	33,333	333			216,665				216,998
Shares issued as acquisition consideration (ATCG)	576,923	5,769			3,773,077				3,778,846
Stock options and RSU expense					4,275,855				4,275,855
Exercise and acceleration of RSU's	446,509	4,464			-4,464				-
Bonus shares issued to employees and Directors	198,600	1,986			512,888				514,874
Shares Issued towards earn-outs	340,549	3,405			955,611				959,016
Cashless exercise of warrants	1,205,837	12,058			2,158,448				2,170,506
Public offering of shares	1,475,000	14,750			4,868,532				4,883,282
Public offering of warrants					15,618				15,618
Shares issued against preference dividend			41,784	418	2,088,730				2,089,148
Non-controlling interest					3,382			-3,382	-
Accumulated other comprehensive income (loss)						44,301			44,301
Net (loss)							-11,163,964	-	-11,163,964
Balance at Dec 31, 2017	**18,162,723**	**$ 181,625**	**405,395**	**$ 4,054**	**$ 34,223,181**	**$ 36,875**	**$ -14,997,552**	**$ -**	**$ 19,448,183**
Shares issued towards private placement	3,250,000	32,500			4,218,760				4,251,260
Exercise of warrants	19,537,156	195,372			510,894				706,266
Shares Issued towards earn-outs	672,370	6,724			1,241,350				1,248,074
Compensation to Directors	96,872	969			-969				-
Compensation on seperation	50,000	500			11,000				11,500
Stock options and RSU expense					1,239,989				1,239,989
Preference dividend (LSV)					1,711,796				1,711,796
Shares issued against preference dividend			15,325	153	766,055				766,208
Shares issued as acquisition consideration	560,000	5,600			800,800				806,400
Other comprehensive income (loss)						50,122			50,122
Net(Loss)							(19,480,701)		(19,480,701)
Balance at Dec 31, 2018	**42,329,121**	**$ 423,290**	**420,720**	**$ 4,207**	**$ 44,722,856**	**$ 86,997**	**$ (34,478,253)**	**$ -**	**$ 10,759,097**

See notes to the consolidated financial statements.

AMERI HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2018	2017
Cash flow from operating activities		
Net income/(loss)	(16,897,516)	(9,074,813)
Adjustment to reconcile comprehensive income/(loss) to net cash used in operating activities		
Depreciation and amortization	2,903,662	3,217,191
Impairment charges on goodwill and Intangible assets	9,038,553	
Changes in fair value of warrants	2,760,819	-
Changes in estimate of consideration payable	(6,940,310)	(1,074,158)
Stock, option, restricted stock unit and warrant expense	1,251,488	7,078,230
Deferred income taxes	6,348,502	(2,391,762)
Loss on sale of fixed assets	(2,139)	-
Changes in assets and liabilities:		
Increase (decrease) in:		
Accounts receivable	967,031	(778,543)
Other current assets	105,666	(382,029)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,101,251)	665,090
Net cash provided by (used in) operating activities	**(2,565,495)**	**(2,740,794)**
Cash flow from investing activities		
Purchase of fixed assets	6,421	(4,840)
Acquisition consideration	(3,645,667)	(165,020)
Investments	-	
Net cash used in investing activities	**(3,639,246)**	**(169,860)**
Cash flow from financing activities		
Proceeds from (payment of) bank loan and convertible notes, net	(1,976,299)	2,152,975
Non Controlling Interest - Net Income		-
Contingent consideration for acquisitions	(1,657,667)	(639,024)
Proceeds from issuance of common shares, net	6,327,954	4,898,900
Net cash provided by financing activities	**2,693,988**	**6,412,851**
Net increase (decrease) in cash and cash equivalents	**(3,510,753)**	**3,502,197**
Cash and cash equivalents as at beginning of the period	**4,882,084**	**1,379,887**
Cash at the end of the period	**1,371,331**	**4,882,084**
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period for:		
Interest	$ 571,628	$ 450,920
Taxes	$ -	$ -

See notes to the consolidated financial statements.

AMERI HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1. DESCRIPTION OF BUSINESS:

AMERI Holdings, Inc. (“AMERI”, the “Company”, “we” or “our”) is a fast-growing company that, through the operations of its eleven subsidiaries, provides SAP TM cloud and digital enterprise services to clients worldwide. Headquartered in Suwanee, Georgia, we typically go to market both vertically by industry and horizontally by product/technology specialties and provide our customers with a wide range of business and technology offerings. We work with customers, primarily within North America, to improve process, reduce costs and increase revenue through the judicious use of technology. The Company earns almost all of its revenue from North America. The Company takes the position that all of its businesses operate as a single segment.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Preparation. The accompanying audited condensed consolidated financial statements have been prepared by AMERI pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding annual financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to ensure the information presented is not misleading.

The accompanying audited condensed consolidated financial statements reflect all adjustments (which were of a normal, recurring nature) that, in the opinion of management, are necessary to present fairly our financial position, results of operations and cash flows as of and for the interim periods presented. These financial statements should be read in conjunction with the audited financial statements and notes thereto.

Our comprehensive income (loss) consists of net income (loss) plus or minus any periodic currency translation adjustments.

The Company takes the position that all of its businesses operate as a single segment. The Company earns almost all of its revenue from North America.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions have been eliminated in the accompanying consolidated financial statements.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during those reporting periods. Actual results could differ from those estimates.

Revenue Recognition. We recognize revenue primarily through the provision of consulting services. We generate revenue by providing consulting services under written service contracts with our customers. The service contracts we enter generally fall into two categories: (1) time-and-materials contracts and (2) fixed-price contracts.

We consider amounts to be earned once evidence of an arrangement has been obtained, services are delivered, fees are fixed or determinable and collectability is reasonably assured. We establish billing terms at the time at which the project deliverables and milestones are agreed. Our standard payment terms are 60 days from invoice date.

When a customer enters into a time-and-materials or fixed-price (or a periodic retainer-based) contract, the Company recognizes revenue in accordance with its evaluation of the deliverables in each contract. If the deliverables represent separate units of accounting, the Company then measures and allocates the consideration from the arrangement to the separate units, based on vendor specific objective evidence of the value for each deliverable.

The revenue under time and materials contracts is recognized as services are rendered and performed at contractually agreed upon rates. Revenue pursuant to fixed-price contracts is recognized under the proportional performance method of accounting. We routinely evaluate whether revenue and profitability should be recognized in the current period. We estimate the proportional performance on our fixed-price contracts on a monthly basis utilizing hours incurred to date as a percentage of total estimated hours to complete the project. This method is used because reasonably dependable estimates of costs and revenue earned can be made, based on historical experience and milestones identified in any particular contract. If we do not have a sufficient basis to measure progress toward completion, revenue is recognized upon completion of performance, subject to any warranty provisions or other project management assessments as to the status of work performed.

Estimates of total project costs are continuously monitored during the term of an engagement. There are situations where the number of hours to complete projects may exceed our original estimate, as a result of an increase in project scope, unforeseen events that arise, or the inability of the client or the delivery team to fulfill their responsibilities. Accordingly, recorded revenues and costs are subject to revision throughout the life of a project based on current information and historical trends. Such revisions may result in increases or decreases to revenue and income and are reflected in the consolidated financial statements in the periods in which they are first identified.

If our initial estimates of the resources required or the scope of work to be performed on a contract are inaccurate, or we do not manage the project properly within the planned time period, a provision for estimated losses on incomplete projects may be made. Any known or probable losses on projects are charged to operations in the period in which such losses are determined. A formal project review process takes place quarterly, although projects are continuously evaluated throughout the period. Management reviews the estimated total direct costs on each contract to determine if the estimated amounts are accurate, and estimates are adjusted as needed in the period identified. No losses were recognized on contracts during the period ended December 31, 2018.

Accounts Receivable. We extend credit to clients based upon management's assessment of their credit-worthiness on an unsecured basis. We provide an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. We include any balances that are determined to be uncollectible in allowance for doubtful accounts.

***Warrant Liability*.** The Company accounts for the warrants issued in connection with the July 25, 2018 Initial Securities Purchase Agreement in accordance with the guidance on Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, which provides that the Company classifies the warrant instrument as a liability at its fair value and adjusts the instrument to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's statement of operations. The fair value of warrants issued by the Company in connection with private placements of securities has been estimated using the warrants quoted market price.

Business Combinations. We account for business combinations using the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date and the allocation of the purchase price paid by the acquirer to the identifiable tangible and intangible assets acquired, the liabilities assumed, including any contingent consideration and any non-controlling interest in the acquiree at their acquisition date fair values. Goodwill represents the excess of the purchase price over the fair value of net assets acquired, including the amount assigned to identifiable intangible assets. Identifiable intangible assets with finite lives are amortized over their useful lives. Acquisition-related costs are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in our consolidated financial statements from the acquisition date.

Goodwill and Intangible Assets. We evaluate goodwill and intangible assets for impairment at least annually, or as circumstances warrant. Goodwill is evaluated at the reporting unit level by comparing the fair value of the reporting unit with its carrying amount. For purchased intangible assets, if our annual qualitative assessment indicates possible impairment, we test the assets for impairment by comparing the fair value of such assets to their carrying value. In determining the fair value, we utilize various estimates and assumptions, including discount rates and projections of future cash flows. If an impairment is indicated, a write down to the implied fair value of goodwill or fair value of intangible asset is recorded.

Impairment. Long-lived assets, which include property, plant and equipment, and certain other assets to be held and used by us, are reviewed when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable based on estimated future cash flows. If this assessment indicates that the carrying values will not be recoverable, as determined based on undiscounted cash flows over the remaining useful lives, an impairment loss is recognized based on the fair value of the asset.

Valuation of Contingent Earn-out Consideration. Acquisitions may include contingent consideration payments based on the achievement of certain future financial performance measures of the acquired company. Contingent consideration is required to be recognized at fair value as of the acquisition date. We estimate the fair value of these liabilities based on financial projections of the acquired companies and estimated probabilities of achievement. We believe our estimates and assumptions are reasonable, however, there is significant judgment involved. We evaluate, on a routine, periodic basis, the estimated fair value of the contingent consideration and changes in estimated fair value, subsequent to the initial fair value estimate at the time of the acquisition, will be reflected in income or expense in the consolidated statements of operations. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates, changes in the timing and amount of revenue and/or earnings estimates and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria. Any changes in the estimated fair value of contingent consideration may have a material impact on our operating results.

Stock-Based Compensation. Stock-based compensation expense for awards of equity instruments to employees and non-employee directors is determined based on the grant-date fair value of those awards. We recognize these compensation costs net of an estimated forfeiture rate over the requisite service period of the award. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Income Taxes. We provide for income taxes utilizing the asset and liability method of accounting. Under this method, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each balance sheet date, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. If it is determined that it is more likely than not that future tax benefits associated with a deferred income tax asset will not be realized, a valuation allowance is provided. The effect on deferred income tax assets and liabilities of a change in the tax rates is recognized in income in the period that includes the enactment date. Tax benefits earned on employee stock awards in excess of recorded stock-based compensation expense are credited to additional paid-in capital. Our provision for income taxes also includes the impact of provisions established for uncertain income tax positions, as well as the related interest.

Comprehensive Income (Loss). Our comprehensive income (loss) consists of net income (loss) plus or minus any periodic currency translation adjustments.

Recent Accounting Pronouncements

New Standards to Be Implemented

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”. This new standard replaces the existing guidance on leases and requires the lessee to recognize a right-of-use asset and a lease liability for all leases with lease terms equal to or greater than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize total lease expense on a straight-line basis. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2018. Upon adoption, entities will be required to use a modified retrospective transition which provides for certain practical expedients. Entities are required to apply the new standard at the beginning of the earliest comparative period presented. Early adoption of this new standard is permitted. The Company is currently evaluating the effect this new standard will have on its consolidated financial statements and related disclosures. The Company does not expect the requirement to recognize a right-of-use asset and a lease liability for operating leases to have a material impact on the presentation of its consolidated statements of financial position.

On November 17, 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which is intended to reduce diversity in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. This new standard requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for annual periods beginning after December 15, 2017 including interim periods within those fiscal years, but earlier adoption is permitted. The Company does not believe the adoption of this new standard will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, simplifying the Test for Goodwill Impairment. Under this new standard, goodwill impairment would be measured as the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This update is effective for annual periods beginning after December 15, 2019, and interim periods within those periods. Early adoption is permitted for interim or annual goodwill impairment test performed on testing dates after January 1, 2017. Based on the Company’s preliminary assessment of the foregoing update, it does not anticipate such update will have a material impact its financial statements.

Standards Implemented

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (ASU 2016-15), which clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows. The guidance is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The company has implemented the above standard effective this quarter and has made the respective disclosures in Statement of Cash Flow.

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers (Topic 606),” which supersedes the revenue recognition requirements in “Revenue Recognition (Topic 605).” This ASU requires an entity to recognize revenue when goods are transferred, or services are provided to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. This ASU also requires disclosures enabling users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU 2015-14, “Revenue from Contracts with Customers (Topic 606), deferral of the Effective Date.” With the issuance of ASU 2015-14, the new revenue guidance ASU 2014-09 will be effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018, using one of two prescribed retrospective methods. In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customer (Topic 606), Identifying Performance Obligations and Licensing.” The guidance is applicable from the date of applicability of ASU 2014-09. This ASU finalizes the amendments to the guidance on the new revenue standard on the identification of performance obligations and accounting for licenses of intellectual property. In December 2016, the FASB issued ASU 2016-20, “Technical Corrections and Improvements (Topic 606)” which is applicable from the date of applicability of ASU 2014-09. This guidance provides optional exemptions from the disclosure requirement for remaining performance obligations for specific situations in which an entity need not estimate variable consideration to recognize revenue. In May 2016, FASB issued ASU No. 2016-12, “Narrow-Scope Improvements and Practical Expedients”. This amendment clarified certain aspects of Topic 606 and will be applicable from the date of applicability of ASU 2014-09. The company has implemented the above standard.

NOTE 3. EQUITY TRANSACTIONS:

2017 Public Offering

On November 21, 2017, we completed an underwritten public offering of 1,475,000 shares of our common stock, at a price of $4.115 per share, and warrants to purchase up to an aggregate of 1,475,000 shares of our common stock, at a price of $0.01 per warrant. The warrants have a per share exercise price of $4.115, were exercisable as of November 21, 2017 and expire five years from that date. The gross proceeds to us from this offering were approximately $6,084,375, before deducting underwriting discounts and commissions and other estimated offering expenses. In connection with the offering, we up listed our common stock from the OTCQB Marketplace to trading on The Nasdaq Capital Market under the ticker symbol "AMRH", and we listed the publicly offered warrants for trading on The Nasdaq Capital Market under the ticker symbol "AMRHW".

On January 24, 2018, we received confirmation from our transfer agent, Corporate Stock Transfer, Inc., which also serves as the warrant agent for the public warrant, that through such date certain holders of warrants had cumulatively exercised warrants for the purchase of a total of 153,060 shares of our common stock, at an exercise price of $4.115 per share, for gross proceeds to us of $629,841.90.

2018 Private Offering

On July 25, 2018, we entered into a securities purchase agreement (the "Initial Securities Purchase Agreement") with certain institutional and accredited investors ("Initial Purchasers") for the sale of 5,000,000 shares of our common stock ("Initial Shares") and warrants to purchase a total of 4,000,001 shares ("Initial Warrant Shares") of our common stock ("Initial Purchaser Warrants") for total consideration of approximately $6,000,000 ("Initial Investment"). On July 30, 2018, we issued an aggregate of 3,250,000 of the Initial Shares to the Initial Purchasers, with the remaining Initial Shares to be issued pursuant to pre-funded Warrants, subject to adjustment. The $6,000,000 purchase price paid by the Initial Purchasers on July 30, 2018 represents the entire purchase price for the Initial Shares and the Initial Purchaser Warrants (excluding the exercise price to be paid upon the exercise of Initial Purchaser Warrants), including upon the issuance of additional Shares (through the adjustment of a pre-funded warrant) and for additional Warrant Shares issuable upon the occurrence of certain events described below.

On August 21, 2018, we entered into a second securities purchase agreement (the "Second Securities Purchase Agreement", and together with the Initial Securities Purchase Agreement, the "Purchase Agreements") with an accredited investor (the "Additional Purchaser", and with the Initial Purchaser, the "Purchasers") for the sale of 500,417 shares of our common stock, via a pre-funded warrant due to share issuance limitations (the "Additional Shares", and with the Initial Shares, the "Common Stock"), and warrants to purchase 400,333 shares (the "Additional Warrant Shares", and with the Initial Warrant Shares, the "Warrant Shares") of our common stock (the "Additional Purchaser Warrants", and with the Initial Purchaser Warrants, the "Purchaser Warrants") for gross proceeds of approximately $600,000 (the "Additional Investment"). The Additional Investment was made in connection with, and substantially on the same terms and using the same forms as, the private placement of the Initial Shares and Initial Purchaser Warrants (such private placement and the Additional Investment, the "Private Placement"). The $600,000 purchase price paid by the Additional Purchaser on August 21, 2018 represents the entire purchase price for the Additional Shares and the Additional Purchaser Warrants (excluding the exercise price to be paid upon the exercise of Additional Purchaser Warrants), including upon the issuance of additional Shares (through the adjustment of a pre-funded warrant, all pre-funded warrants with the Purchaser Warrants, the "Warrants") and for additional Warrant Shares issuable upon the occurrence of certain events described below.

The initial price per share of Common Stock equaled $1.20 and the initial per share exercise price of the Purchaser Warrants equaled $1.60. The per share purchase price and the exercise price were subject to adjustment as described below. The Initial Purchaser Warrants are immediately exercisable, subject to ownership limitations described below, and expire five years after the date of issuance. The Initial Purchaser Warrants are exercisable on a cashless basis six months after the issuance date if there is no effective registration statement registering the resale of the shares underlying the Initial Purchaser Warrants. The Additional Purchaser was not issued any shares at the closing of the Additional Investment, due to Nasdaq stock issuance limitations at the time of closing, but the Additional Shares will be issued upon the exercise of a pre-funded warrant for no additional consideration to the Company. The Additional Purchaser Warrants and the Additional Purchaser's pre-funded warrant are currently exercisable, subject to ownership limitations described below, and expire five years after the date of issuance. The Warrants contain provisions for the adjustment of the number of shares issuable upon the exercise of the warrant and of the exercise price in the event of stock dividends, splits, mergers, asset sales, tender or exchange offers, reclassifications, reorganizations or recapitalizations, combinations, or the like.

The per share purchase price (through the pre-funded Warrants) and Warrant exercise price was automatically adjusted lower (the "Price Adjustment") to 80% (with respect to the purchase price of the Common Stock) and 110% (with respect to the exercise price of the Warrants) of the lowest of the average daily prices on the 6 trading days following each of: (i) the date our stockholders approved the Private Placement transaction (such approval was obtained on September 27, 2018) and (ii) the date a registration statement covering the resale of securities being issued in the Private Placement was declared effective by the Securities and Exchange Commission (the "SEC") (such registration statement on Form S-1, file no. 333-227011, was declared effective on October 23, 2018 (the "Effective Registration")). Due to the Price Adjustment, the lowest purchase price of $0.29 for the Common Stock issued at closing under the Purchase Agreements and pursuant to the pre-funded Warrants was achieved, and all 22,758,621 shares registered under the Effective Registration as issued or issuable under the Purchase Agreements and pursuant to the pre-funded Warrants were issued to the selling stockholders. In addition, the exercise price of the Purchaser Warrants was subject to the Price Adjustment, which has resulted in 22,544,139 shares of common stock being issuable under the Purchaser Warrants when exercised. The Purchaser Warrants have been fully adjusted and neither the exercise price or the number of shares issuable under such warrants are subject to further adjustment, except pursuant to typical anti-dilution provisions.

In accordance with the exercise provisions of the Purchaser Warrants, the 22,544,139 shares issuable under the Purchaser Warrants following the full Price Adjustment was determined by holding constant the aggregate exercise price of $7,040,534.40 for the Purchaser Warrants at the time of closing of the Private Placement (which was calculated based on 4,400,334 total Purchaser Warrants at the closing date multiplied by the exercise price of $1.60, which equals $7,040,534.40), and then dividing the $7,040,534.40 aggregate exercise price by the post-Price Adjustment exercise price of $0.3123 to get 22,544,139 shares. As 18,206,897 shares of common stock issuable pursuant to the Purchaser Warrants were previously registered under the Effective Registration, 4,337,242 additional shares of common stock are to be registered pursuant to a new registration statement to cover all of the shares issuable under the Purchaser Warrants following the final Price Adjustment.

The Company has allocated the aggregate gross proceeds received to the Purchaser Warrants, the Initial Shares issued and the pre-funded warrants. Due to the reset features present in the Purchaser Warrants along with the existence of down-round protection in the event of future financing transactions at lower prices, the Purchaser Warrants were determined to be derivative financial instruments and therefore, have been recorded as a liability ("Warrant Liability") in the accompanying consolidated balance sheets. The Purchaser Warrants were initially recorded at fair value with fair value determined utilizing a Black-Scholes option pricing model with the following assumptions: expected term of 5 years; expected volatility of 111.8%; risk free interest rate of 2.37% and an expected dividend yield of zero. The calculated aggregate fair value of $1,429,000 was reflected as Warrant Liability. The remaining proceeds received under the Purchase Agreements were allocated to the Initial Shares and pre-funded warrants and recorded within stockholder's equity. The fair value of the Purchaser Warrants was reassessed to reflect the Price Adjustment and number of shares issuable upon exercise. The resulting increase in the fair value of the Purchaser Warrants of $2,760,819 was reflected as "Changes in Fair Value of Warrant Liability" within the accompanying consolidated statements of comprehensive income (loss).

Under the terms of all of the Warrants, a selling stockholder may not exercise Warrants to the extent such exercise would cause such selling stockholder, together with its affiliates and attribution parties, to beneficially own a number of shares of common stock which would exceed 4.99% or 9.99%, as applicable, of our then outstanding common stock following such exercise, excluding for purposes of such determination shares of common stock issuable upon exercise of the Warrants which have not been exercised. In addition, the Warrants have transaction-specific anti-dilution provisions.

A.G.P. / Alliance Global Partners ("AGP") acted as exclusive placement agent for the issuance and sale of the securities in the Private Placement. We agreed to pay AGP an aggregate fee equal to 7% of the gross proceeds received by us from the sale of the securities in the transaction, plus expenses. We also agreed to grant to AGP or its designees warrants to purchase up to 150,000 shares of our common stock (the "Placement Agent Warrants"). The Placement Agent Warrants are currently exercisable and terminate on July 27, 2022. The Placement Agent Warrants have an exercise price of $1.32 per share. The terms of the Placement Agent Warrants are otherwise substantially similar to the terms of the Private Placement Warrants, except the Placement Agent Warrants have customary anti-dilution provisions and do not have the Price Adjustment mechanism. The Placement Agent Warrants were valued at the date of grant utilizing a Black-Scholes option pricing model with substantially similar assumptions to those used for the Purchaser Warrants. The resulting fair value of $49,000 was recorded within stockholder's equity as a cost of the Private Placement transaction.

2018 Preferred Stock Amendment

On June 22, 2018, we entered into an Amendment Agreement with Lone Star Value Investors, LP ("LSV"), pursuant to which we and LSV agreed to the amendment and restatement of the certificate of designations (the "Amendment") for our Series A Preferred Stock (the "Series A Preferred") and the issuance of warrants (the "Amendment Warrants") for the purchase of 5,000,000 shares of our common stock to holders of the Series A Preferred (the "Warrant Issuance"), provided that the Amendment and the Warrant Issuance were subject to approval by our stockholders at our 2018 annual meeting of stockholders (the "2018 Annual Meeting").

As the Amendment and the Warrant Issuance were approved by our stockholders at the 2018 Annual Meeting, the Amendment, was filed with the Delaware Secretary of State following stockholder approval, providing for, among other things:

(a) the payment of the March 31, 2018 dividend payment in-kind in shares of Series A Preferred;

(b) elimination of any prior default in respect of non-payment of accrued dividends through the filing effective date of the Amendment (the "Effective Date");

(c) payment in-kind in shares of Series A Preferred of dividends for all dividend periods from April 1, 2018 through March 31, 2020 at a rate of 2% per annum of the liquidation preference (the "Adjusted Rate"); and

(d) commencing April 1, 2020, we will pay cash dividends per share at a rate per annum equal to the Adjusted Rate multiplied by the liquidation preference; provided, however, dividends for periods ending after April 1, 2020 may be paid at the election of our Board of Directors in-kind through the issuance of additional shares of Series A Preferred for up to four dividend periods in any consecutive 36-month period, determined on a rolling basis.

In addition, the Amendment revised the change of control definition to mean a change in control of at least 70% of the voting power of all shares of stock of the Company and clarified that a change of control shall not be deemed to be a dissolution, liquidation or winding up of the Company. The Amendment also eliminated voting rights with respect to the authorization, creation or issuance of any securities ranking senior or equal to the Series A Preferred.

Following our 2018 Annual Meeting, promptly following the effectiveness of the Amendment, the Company issued an aggregate of 15,325 shares of our Series A Preferred to holders of our Series A Preferred, on a pro rata basis, as payment of accrued in-kind dividends owed on such preferred stock and completed the Warrant Issuance to holders of the Series A Preferred at such time.

The Amendment Warrants are only exercisable for cash, with an exercise price of $1.50 per share, for five years from the date of issuance. In the event that the closing price of our common stock is $2.00 or higher for ten trading days out of a fifteen consecutive trading day period, the Company shall have the option, in its sole discretion, to elect to accelerate the termination date of the Amendment Warrants to such date that is 30 days (or more, in the Company's sole discretion) following the date of such election. Following such accelerated termination date, any unexercised Amendment Warrants shall automatically be canceled without any further obligations on the part of the Company or the holders of such Amendment Warrants. The Amendment Warrants were valued utilizing a Black-Scholes option pricing model with the following assumptions: expected term of 5 years; expected volatility of 111.8%; risk free interest rate of 2.37% and an expected dividend yield of zero. The calculated aggregate fair value of $1,712,000 was reflected within stockholders' equity as a dividend paid to the Series A Preferred stockholders and also reflected as an adjustment to income available to common stockholders for calculation of net income (loss) per common share for year ended December 31, 2018.

NOTE 4. BUSINESS COMBINATIONS:

Acquisition of Ameri Georgia

On November 20, 2015, we completed the acquisition of Bellsoft, Inc., a consulting company based in Lawrenceville, Georgia, which specializes in SAP software, business intelligence, data warehousing and other enterprise resource planning services. Following the acquisition, the name of Bellsoft, Inc. was changed to Ameri100 Georgia Inc. ("Ameri Georgia"). Ameri Georgia has operations in the United States, Canada and India.

The total purchase price of $9.9 million was allocated to net working capital of $4.6 million, intangibles of $1.8 million, taking into consideration projected revenue from the acquired list of Ameri Georgia customers over a period of three years, and goodwill. The excess of total purchase price over the net working capital and intangibles allocations has been allocated to goodwill.

On January 17, 2018, we completed all payment obligations to the former shareholders of Ameri Georgia in connection with the Ameri Georgia share purchase agreement, and we have no further payment obligations pursuant thereto.

Acquisition of Bigtech Software Private Limited

On June 23, 2016, we entered into a definitive agreement to purchase Bigtech Software Private Limited (“Bigtech”), a pure-play SAP services company providing a wide range of SAP services including turnkey implementations, application management, training and basis ABAP support. Based in Bangalore, India, Bigtech offers SAP services to improve business operations at companies of all sizes and verticals.

The acquisition of Bigtech was effective as of July 1, 2016, and the total consideration for the acquisition of Bigtech was $850,000, consisting of:

(a) A cash payment in the amount of $340,000 which was due within 90 days of closing and was paid on September 22, 2016;

(b) Warrants for the purchase of 51,000 shares of our common stock (valued at approximately $250,000 based on the $6.51 closing price of our common stock on the closing date of the acquisition), with such warrants exercisable for two years. The former shareholders of Bigtech exercised such warrants in full and were issued shares of common stock as of July 5, 2018; and

(c) $255,000 payable in cash earn-outs to the sellers of Bigtech, if Bigtech achieved certain pre-determined revenue and EBITDA targets in 2017 and 2018. On October 4, 2018, we issued an aggregate of 72,570 shares of common stock to the former shareholders of Bigtech in satisfaction of an earn-out owed to them. As of October 4, 2018, we had resolved all remaining payments under the Bigtech purchase agreement and we have no further payment obligations pursuant thereto.

Bigtech’s financial results are included in our condensed consolidated financial results starting July 1, 2016. The Bigtech acquisition did not constitute a significant acquisition for the Company for purposes of Regulation S-X. The valuation of Bigtech was made on the basis of its projected revenues.

Acquisition of Virtuoso

On July 22, 2016, we acquired all of the outstanding membership interests of Virtuoso, L.L.C. (“Virtuoso”), a Kansas limited liability company, pursuant to the terms of an Agreement of Merger and Plan of Reorganization, by and among us, Virtuoso Acquisition Inc., Ameri100 Virtuoso Inc., Virtuoso and the sole member of Virtuoso (the “Sole Member”). Virtuoso is an SAP consulting firm specialized in providing services on SAP S/4 HANA finance, enterprise mobility and cloud migration and is based in Leawood, Kansas. In connection with the merger, Virtuoso’s name was changed to Ameri100 Virtuoso Inc. The Virtuoso acquisition did not constitute a significant acquisition for the Company for purposes of Regulation S-X.

The total purchase price of $1.8 million was allocated to intangibles of $0.9 million, taking into consideration projected revenue from the acquired list of Virtuoso customers over a period of three years, and the balance was allocated to goodwill. The Virtuoso earn-out payments for 2016 amounted to $0.06 million in cash and 12,408 shares of common stock, which were delivered to the Sole Member during the twelve months ended December 31, 2017. As of January 23, 2018, we had resolved all remaining payments under the Virtuoso merger agreement with the Sole-Member and we have no further payment obligations pursuant thereto.

Acquisition of Ameri Arizona

On July 29, 2016, we acquired 100% of the membership interests of DC&M Partners, L.L.C. (“Ameri Arizona”), an Arizona limited liability company, pursuant to the terms of a Membership Interest Purchase Agreement by and among us, Ameri Arizona, all of the members of Ameri Arizona, Giri Devanur and Srinidhi “Dev” Devanur, our former President and Chief Executive Officer and Executive Vice Chairman, respectively. In July 2017, the name of DC&M Partners, L.L.C. was changed to Ameri100 Arizona LLC. Ameri Arizona is an SAP consulting company headquartered in Chandler, Arizona. Ameri Arizona provides its clients with a wide range of information technology development, consultancy and management services with an emphasis on the design, build and rollout of SAP implementations and related products.

The aggregate purchase price for the acquisition of Ameri Arizona was $15.8 million, consisting of:

(a) A cash payment in the amount of $3,000,000 at closing;

(b) 1,600,000 shares of our common stock (valued at approximately $10.4 million based on the $6.51 closing price of our common stock on the closing date of the acquisition), which were to be issued on July 29, 2018 or upon a change of control of our company (whichever occurred earlier). At the election of the former members of Ameri Arizona, in lieu of receiving shares of our common stock, each former member was entitled to receive a cash payment of $2.40 per share; and

(c) Earn-out payments of $1,500,000 payable in cash each year to be paid, if earned, through the achievement of annual revenue and gross margin targets in 2017 and 2018.

The total purchase price of $15.8 million was allocated to intangibles of $5.4 million, taking into consideration projected revenue from the acquired list of Ameri Arizona customers over a period of three years, and the balance was allocated to goodwill. In August 2018, the Company resolved the payment of all earn-out payments to the former members of Ameri Arizona pursuant to the Ameri Arizona membership interest purchase agreement, and the Company has no further payment obligations with respect to any Ameri Arizona earn-out. As of July 29, 2018, two former members of Ameri Arizona properly elected to receive an aggregate of $2,496,000 in cash in lieu of stock and such payment was due on or about September 28, 2018. The Company has not yet paid such cash payments (which represent deferred purchase price for Ameri Arizona) and company has negotiated for deferred payment terms with the two former members of Ameri Arizona who elected such cash payments. On July 30, 2018, we issued 560,000 shares of common stock to the remaining former member of Ameri Arizona who had not elected to receive cash in lieu of stock. Such former member has asserted that he had properly elected to receive cash instead of stock prior to the deadline for such election. the Company has entered into a settlement agreement on February 4 2019, in which the Company will pay an amount of $200,000 to such member in four equal monthly installments starting from February 2019 and ending in May 2019, which settles such dispute in its entirety.

Acquisition of Ameri California

On March 10, 2017, we acquired 100% of the shares of ATCG Technology Solutions, Inc. ("Ameri California"), a Delaware corporation, pursuant to the terms of a Share Purchase Agreement among the Company, Ameri California, all of the stockholders of Ameri California (the "Stockholders"), and the Stockholders' representative. In July 2017, the name of ATCG Technology Solutions, Inc. was changed to Ameri100 California Inc. Ameri California provides U.S. domestic, offshore and onsite SAP consulting services and has its main office in Folsom, California. Ameri California specializes in providing SAP Hybris, SAP Success Factors and business intelligence services.

The aggregate purchase price for the acquisition of Ameri California was $8.8million, consisting of:

(a) 576,923 shares of our common stock, valued at approximately $3.8 million based on the closing price of our common stock on the closing date of the acquisition;

(b) Unsecured promissory notes issued to certain of Ameri California's selling stockholders for the aggregate amount of $3,750,000 (which notes bear interest at a rate of 6% per annum and mature on June 30, 2018);

(c) Earn-out payments in shares of our common stock (up to an aggregate value of $1.2 million worth of shares) to be paid, if earned, in each of 2018 and 2019 based on certain revenue and earnings before interest taxes, depreciation and amortization ("EBITDA") targets as specified in the purchase agreement. We have determined that the earn-out targets for each year have been fully achieved, and 283,344 shares of common stock were issued in 2018 in respect of the 2017 earn-out period and $605,000 worth of common stock will be issued in January 2019 in respect of the 2018 earn-out period; and

(d) An additional cash payment of $0.06 million for cash that was left in Ameri California at closing.

The total purchase price of $8.8 million was allocated to intangibles of $3.75 million, taking into consideration projected revenue from the acquired list of Ameri California customers over a period of three years, and goodwill. The excess of total purchase price over the intangibles allocation has been allocated to goodwill. For this acquisition, the net cash outflow in 2017 was $0.2 million.

In August 2018, we repaid all of the unsecured promissory notes issued to the Ameri California selling stockholders and we have no further payment obligations pursuant thereto. Our only remaining payment obligation with respect to our acquisition of Ameri California is the issuance of common stock in January 2019 in respect of the 2018 earn-out period.

Presented below is the summary of the foregoing acquisitions:

Allocation of purchase price in millions of U.S. dollars

Asset Component	Ameri Georgia	Bigtech	Virtuoso	Ameri Arizona	Ameri California
Intangible Assets	1.8	0.6	0.9	5.4	3.8
Goodwill	3.5	0.3	0.9	10.4	5.0
Working Capital					
Current Assets					
Cash	1.4	-	-	-	-
Accounts Receivable	5.6	-	-	-	-
Other Assets	0.2	-	-	-	-
	7.3	-	-	-	-
Current Liabilities					
Accounts Payable	1.3	-	-	-	-
Accrued Expenses & Other Current Liabilities	1.3	-	-	-	-
	2.7	-	-	-	-
Net Working Capital Acquired	4.6	-	-	-	-
Total Purchase Price	**9.9**	**0.9**	**1.8**	**15.8**	**8.8**

As of the date of this report the Company owed an aggregate of $3,301,223 in consideration, including contingent consideration payable, for its acquisitions. Such consideration payable consists of $2,696,000 in cash obligations and $605,223 worth of common stock to be issued in future periods.

NOTE 5. INTANGIBLE ASSETS:

The Company's intangible assets primarily consists of the customer lists it acquired through various acquisitions. We amortize our intangible assets that have finite lives using either the straight-line method or based on estimated future cash flows to approximate the pattern in which the economic benefit of the asset will be utilized. Amortization expense was $2.9 million and $3.2 million during the years ended December 31, 2018 and December 31, 2017, respectively. This amortization expense relates to customer lists which expire through 2022.

During the year ended December 31, 2018, we determined, based upon the results of our annual goodwill impairment testing as further described in Note 6, that a triggering event had occurred with respect to certain customer lists contained in the reporting units where goodwill impairment was determined to have occurred, and recorded an impairment charge of $0.9 million. The determination of the fair value of intangible assets requires significant inputs, judgments and estimates. These fair value measurements, and related inputs, are considered to be Level 3 measures under the fair value hierarchy as further described in Note 16. There were no triggering events during the year ended December 31, 2017.

Components of intangible assets were as follows, as of December 31:

	2018			2017		
	Gross Carrying Amount	**Accumulated Amortization and Impairment**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Customer lists	$ 13,563,414	7,793,414	5,770,000	13,563,414	4,206,811	9,356,603
Software	$ 425,064	417,028	8,036	425,064	311,964	113,100
Total intangible assets:	$ 13,988,478	8,210,442	5,778,036	13,988,478	4,518,775	9,469,703

Our future amortization schedule is as follows:

Year ending December 31,	**$ Amount**
2019	2,197,018
2020	2,076,018
2021	1,380,000
2022	125,000
Total	**$ 5,778,036**

NOTE 6. GOODWILL:

Goodwill represents the excess of the aggregate purchase price of an acquisition over the fair value of the net assets acquired in the businesses combination. Our goodwill was comprised of the following amounts for each of our acquisitions which we have deemed to be separate reporting units for purposes of evaluating our goodwill for impairment:

	December 31, 2018	**December 31, 2017**
Virtuoso	$ -	$ 939,881
Ameri Arizona	5,450,000	10,416,000
Bigtech	-	314,554
Ameri Consulting Service Pvt. Ltd.	-	1,948,118
Ameri Georgia	3,470,522	3,470,522
Ameri California	4,809,248	4,809,248
Total	**$ 13,729,770**	**$ 21,898,323**

During the year ended December 31, 2018, as a result of performing our annual impairment testing, we determined that impairment existed on certain of our reporting units and recorded impairment charges amounting to $8.2 million as a result of our impairment testing. The full goodwill impairment on Virtuoso, Bigtech and Ameri Consulting Service Pvt. Ltd, and the partial goodwill impairment on Ameri Arizona were primarily driven by declines in estimated future cash flows to be generated by the reporting units as these reporting units that have experienced declining cash flows that what were expected at the time of each acquisition. The determination of the fair value of a reporting unit requires significant inputs, judgments and estimates. These fair value measurements, and related inputs, are considered to be Level 3 measures under the fair value hierarchy as further described in Note 16. There was no impairment charges reflected during the year ended December 31, 2017. There were no other changes to the carrying value of goodwill during the year ended December 31, 2018. During the year ended December 31, 2017, as a result of the acquisition of Ameri California as described in Note 4, we recorded $4.8 million of goodwill.

NOTE 7. SHARE-BASED COMPENSATION:

On April 20, 2015, our Board of Directors and the holder of a majority of our outstanding shares of common stock approved the adoption of our 2015 Equity Incentive Award Plan (the "Plan"). The Plan allows for the issuance of up to 4,000,000 shares of our common stock for award grants. The Plan provides equity-based compensation through the grant of cash-based awards, nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other stock-based awards. We believe that an adequate reserve of shares available for issuance under the Plan is necessary to enable us to attract, motivate and retain key employees and directors and to provide an additional incentive for such individuals through stock ownership and other rights that promote and recognize the financial success and growth of our Company. We granted options to purchase 1,862,000 shares of our common stock, 141,872 restricted stock units ("RSUs"), pursuant to the Plan with respect to the twelve months ended December 31, 2018.

Total share-based compensation expense for the years ended December 31, 2018 and December 31, 2017 was $1.2 million and $7.1 million, respectively. The unamortized share based compensation expenses is $0.6 million which will be amortized by end of 2021.

NOTE 8. EQUITY COMPENSATION PLANS:

The following table sets forth information regarding our equity compensation plans as of December 31, 2018:

	Options		RSUs	Shares of Stock		
	No. of Options	**Weighted Average Price**	**No of RSUs**	**No of Shares**	**Weighted Average Price**	**Total**
Equity compensation plan total shares				-	-	**2,000,000**
Granted	150,000	2.67	83,189	-	-	233,189
Cancelled/expired	-	-	-	-	-	-
Balance outstanding as at December 31, 2015	**150,000**	**2.67**	**83,189**	**-**	**-**	**-**
Balance available under the plan as at December 31, 2015	-	-	-	-	-	**1,766,811**
Granted	975,700	6.79	507,680	-	-	1,483,380
Cancelled/expired	(160,000)	5.41	-	-	-	160,000
Balance outstanding as at December 31, 2016	**965,700**	**6.38**	**590,869**	**-**	**-**	
Balance available under the plan as at December 31, 2016	-	-	-	-	-	**443,431**
Granted	285,000	5.62	76,121	198,600	2.58	559,721
Cancelled/Expired	(90,400)	6.54	(190,827)	-	-	281,227
Balance outstanding as at December 31, 2017	**1,160,300**	**6.10**	**476,163**	**198,600**	**2.58**	
Balance available under the plan as at December 31, 2017	-	-	-	-	-	**164,937**
New pool added						2,000,000
Granted	1,862,000	1.47	141,872			2,003,872
Cancelled/expired	(851,800)	6	(39,987)			891,787
Balance available under the plan as at December 31, 2018						**1,052,852**

The company issued and valued options using the Black-Scholes model for all 2018 issuances with the following significant assumptions –

- Expected term of 3 years.
- Expected volatility of 111.8%.

- Risk-free interest rate of 2.37%.
- Expected dividend yield of 0%.

The company issued and valued options using the Black-Scholes model for all 2017 issuances with the following significant assumptions –

- Expected term of 3.25 years.
- Expected volatility of 111.8%.
- Risk-free interest rate of 0.57%.
- Expected dividend yield of 0%.

NOTE 9. WARRANTS:

Below is a table summarizing the Company's outstanding warrants for the years ended December 31, 2018 and 2017:

	Number of Shares	Weighted Average, Exercise Price	Weighted Average, Remaining term
Warrants Outstanding at December 31, 2014	-	-	-
Granted	2,777,777	1.80	4.41
Exercised	-	-	-
Warrants Outstanding at December 31, 2015	**2,777,777**	**1.80**	**4.41**
Granted	1,000,000	6.00	-
Exercised	111,111	1.80	-
Warrants Outstanding at December 31, 2016	**2,666,666**	**1.80**	**3.90**
Granted	1,475,000	4.125	
Exercised	1,666,666	1.80	
Warrants Outstanding at December 31, 2017	**2,475,000**	**4.88**	**3.14**
Granted	42,052,752	0.18	
Exercised	19,486,156	0.03	
Warrants Outstanding at December 31, 2018	**25,041,596**	**0.75**	**3.46**

NOTE 10. EARNINGS / (LOSS) PER SHARE:

Basic income (loss) per share is computed based upon the weighted average number of common shares outstanding for the period. When applicable, diluted income (loss) per share is calculated using two approaches. The first approach, the treasury stock method, reflects the potential dilution that could occur if outstanding stock options, warrants, restricted stock units and outstanding shares to be awarded to satisfy contingent consideration for the business combinations described in Note 4 (collectively, the "Equity Awards") were exercised and issued. The second approach, the if converted method, reflects the potential dilution of the Equity Awards, the 8% Convertible Unsecured Promissory Notes (the "2017 Notes") described in Note 11 being exchanged for common stock. Under this method, interest expense, net of tax, if any, associated with the 2017 Notes, up through redemption, is added back to net income attributable to common stockholders and the shares outstanding are increased by the underlying 2017 Notes are considered to be issued.

For the twelve months ended December 31, 2018 and 2017, no shares related to the issuance of common stock upon exercise of the Equity Awards or the exchange of the 2017 Notes for common stock were considered in the calculation of diluted loss per share, as the effect would be anti-dilutive due to net losses attributable to common stockholders for both periods.

A reconciliation of net loss attributable to common stockholders and weighted average shares used in computing basic and diluted net loss per share is as follows:

	For the Twelve Months Ended	
	December 31, 2018	December 31, 2017
Numerator for basic and diluted income (loss) per share:		
Net income (loss) attributable to common stockholders	$ (19,480,701)	(11,163,964)
Numerator for diluted income (loss) per share:		
Net income (loss) attributable to common stockholders - as reported	$ (19,480,701)	(11,163,964)
Interest expense on 2017 Notes, net of taxes	-	-
Net income (loss) attributable to common stockholders - after assumed conversions of dilutive shares	$ (19,480,701)	(11,163,964)
Denominator for weighted average common shares outstanding:		
Basic shares	23,790,030	14,982,791
Dilutive effect of Equity Awards	-	
Dilutive effect of 2017 Notes	-	-
Diluted shares	23,790,030	14,982,791
Income (loss) per share – basic:	$ (0.82)	(0.75)
Income (loss) per share – diluted:	$ (0.82)	(0.75)

NOTE 11. DEBT:

On July 1, 2016, the Company entered into a Loan and Security Agreement (the "Loan Agreement"), with its wholly-owned subsidiaries Ameri and Partners and Ameri Georgia, as borrowers (the "Borrowers"), the Company and its wholly-owned subsidiaries Linear Logics, Corp. and WinHire Inc. (dissolved in March 2017) serving as guarantors, the Company's former Chief Executive Officer, serving as a validity guarantor, and Sterling National Bank, N.A. (as lender and as agent, "Sterling"). The Company joined Ameri California, Virtuoso and Ameri Arizona as borrowers under the Loan Agreement following their respective acquisition.

Under the Loan Agreement, the Borrowers can borrow up to an aggregate of $10 million, which includes up to $8 million in principal for revolving loans (the "Revolving Loans") for general working capital purposes, up to $2 million in principal pursuant to a term loan (the "Term Loan") for the purpose of a permitted business acquisition and up to $200,000 for letters of credit. A portion of the proceeds of the Loan Agreement were also used to repay the November 20, 2015 credit facility that was entered into between the Company, its wholly-owned subsidiary Ameri Georgia and Federal National Payables, Inc.

The maturity of the loans under the Loan Agreement are as follows:

Revolving Loan Maturity Date: July 1, 2019; provided, however, that the Revolving Loan Maturity Date will extend and renew automatically for successive one-year terms on each anniversary of the initial Revolving Loan Maturity Date (each an "Anniversary Date") thereafter, unless not less than sixty (60) days prior to any such Anniversary Date, written notice of non-renewal is given by either party to the other, in which case the Revolving Loan Maturity Date will be such next Anniversary Date.

Term Loan Maturity Date: The earliest of (a) the date following acceleration of the Term Loan and/or the Revolving Loans; (b) the Revolving Loan Maturity Date; or (c) July 1, 2019.

Interest under the Loan Agreement is payable monthly in arrears and accrues as follows:

(a) in the case of Revolving Loans, a rate per annum equal to the sum of (i) the Wall Street Journal Prime Rate plus (ii) 2.00%;

(b) in the case of the Term Loan, a rate per annum equal to the sum of (i) the Wall Street Journal Prime Rate plus (ii) 3.75%; and

(c) in the case of other obligations of the Borrowers, a rate per annum equal to the sum of (i) the greater of (A) 3.25% or (B) Wall Street Journal Prime Rate plus (ii) 3.75%.

The Loan Agreement also requires the payment of certain fees, including, but not limited to letter of credit fees and an unused Revolving Loans fee.

The Loan Agreement contains financial and other covenant requirements, including, but not limited to, financial covenants that require the Borrowers to not permit capital expenditures above $150,000 in any fiscal year, maintain a fixed charge coverage ratio of not less than 2.00 to 1.00 and maintain certain debt to EBITDA ratios. The Loan Agreement also requires the Company and Borrowers to obtain Sterling's consent before making any permitted acquisitions. The amounts borrowed by the Borrowers under the Loan Agreement are guaranteed by the guarantors, and the Loan Agreement is secured by substantially all of the Borrowers' assets.

The principal amount of the Term Loan will be repaid as follows: (i) equal consecutive monthly installments in the amount of $33,333.33 each, paid on the first day of each calendar month and (ii) one final payment of the entire remaining principal balance, together with all accrued unpaid interest on the Term Loan maturity date. During the year we repaid the term loan.

On July 9, 2018, we received a Notice of Default and Acceleration of Obligations from Sterling National Bank. The Notice asserted events of default resulting from the Company's failure to comply with certain financial covenants set forth in the Loan Agreement and the impaired financial condition of the Company. In the Notice, Sterling National Bank declares that all amounts due in respect of its loans shall be due and payable on August 31, 2018 (as extended, the "Termination Date"), and the Borrowers are required to pay Sterling National Bank all amounts due as obligations on or before the Termination Date. On August 31, 2018, we received an extension notice from Sterling National Bank in which the Termination Date from August 31, 2018 to September 30, 2018. On October 4, 2018, Sterling National Bank again extended the Termination Date until December 31, 2018. Until the Termination Date, Sterling National Bank will continue to fund the Revolving Loans to the Borrowers at its discretion; however, Sterling National Bank may decline to advance funds to the Borrowers at any time in its sole discretion. It is anticipated that, on the Termination Date, the financing commitments shall terminate and no further loans, advances or other extensions of credit will be made to or for the benefit of the Borrowers.

The outstanding balance of the Revolving Loans as of December 31, 2018 was $4 million.

On March 7, 2017, we completed the sale and issuance of the 2017 Notes for aggregate proceeds to us of $1.25 million from four accredited investors, including one of the Company's then-directors, Dhruwa N. Rai, and David Luci, who became a director of the Company in February 2018. The 2017 Notes were issued pursuant to Securities Purchase Agreements between the Company and each investor. The 2017 Notes bear interest at 8% per annum until maturity in March 2020, with interest being paid annually on the first, second and third anniversaries of the issuance of the 2017 Notes beginning in March 2018. From and after an event of default and for so long as the event of default is continuing, the 2017 Notes will bear default interest at the rate of 10% per annum. The 2017 Notes can be prepaid by us at any time without penalty.

The 2017 Notes are convertible into shares of our common stock at a conversion price equal to $2.80. The holders of the 2017 Notes have the right, at their option, at any time and from time to time to convert, in part or in whole, the outstanding principal amount and all accrued and unpaid interest under the 2017 Notes into shares of the Company's common stock at the conversion price.

The 2017 Notes rank junior to our secured credit facility with Sterling National Bank. The 2017 Notes also include certain negative covenants including, without the investors' approval, restrictions on dividends and other restricted payments and reclassification of its stock.

Short-term Debt:

The following summarizes our short-term debt balances as of December 31:

		2018		2017
Notes outstanding under revolving credit facility	$	3,950,681	$	4,053,318
Convertible note		1,250,000		-
Term loan - current maturities		6,450		749,551
Total short-term debt	**$**	**5,207,131**	**$**	**4,802,869**

Long-term Debt:

The following summarizes our long-term debt balances as of December 31:

		2018		2017
Term loan, due 2019	$	6,450	$	1,880,114
Less: Current maturities		6,450		749,551
Long-term debt, net of current maturities	**$**	-	**$**	**1,130,563**

NOTE 12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES:

Accrued expense and other liabilities as of December 31, 2018 and December 31, 2017 consisted of the following:

		2018		2017
Salaries, commissions and other benefits payable	$	950,257	$	1,156,601
Professional and legal fees payable		109,246		329,332
Interest payable		172,466		262,520
Taxes Payable		182,298		446,694
Other liabilities		283,369		387,514
TOTAL	**$**	**1,697,636**	**$**	**2,582,661**

NOTE 13. EMPLOYEE BENEFIT PLAN:

The Company has a 401(k)-tax deferred savings plan (the "401(k) Plan") that is available to all employees who satisfy certain minimum hour requirements each year. The Company matches 100% of the first 3% of a participant's salary contributed under the 401(k) Plan and 50% on the next 2% of each participant's salary contributed under the 401(k).

NOTE 14. INCOME TAXES:

The provision for income taxes consists of the following components for the years ended December 31:

	2018	2017
Current:		
Federal and state	$ 125,356	$ 63,577
Foreign	109,917	144,452
Total current provision/(benefit)	**235,273**	**208,029**)
Deferred:		
Federal and state	-	(2,599,791)
Foreign	24,478	-
Valuation allowance	6,088,751	-
Total deferred expense (benefit)	**6,113,229**	**(2,599,791)**
Total income tax expense (benefit)	**$ 6,348,502**	**$ (2,391,762)**

The company has provided for a current tax expense of $0.2 million each for the year ended December 31, 2018 and December 31, 2017. The reported tax benefits for the years ended December 31, 2018 and December 31, 2017 are based upon an estimated annual effective tax rate of 21% for all such periods. The effective tax rates reflected our combined federal and state income tax rates, the impact of providing for a valuation allowance during the year ended December 31, 2018, the recognition of U.S. deferred tax liabilities for differences between the book and tax basis of goodwill and the impact of the Tax Cuts and Jobs Act of 2017.

Tax Cuts and Jobs Act of 2017

The Tax Cuts and Jobs Act of 2017 (the "Tax Legislation"), enacted on December 22, 2017, contains significant changes to U.S. tax law, including lowering the U.S. corporate income tax rate to 21% effective for January 1, 2018, implementing a territorial tax system, and imposing a one-time tax on deemed repatriated earnings of foreign subsidiaries.

Valuation Allowance on Deferred Tax Assets

Deferred tax assets refer to assets that are attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets in essence represent future savings of taxes that would otherwise be paid in cash. The realization of the deferred tax assets is dependent upon the generation of sufficient future taxable income, including capital gains. If it is determined that the deferred tax assets cannot be realized, a valuation allowance must be established, with a corresponding charge to earnings in the period that the valuation allowance is established or adjusted for.

We assess the reliability of our deferred tax assets and assess the need for a valuation allowance on an ongoing basis. The periodic assessment of the net carrying value of our deferred tax assets under the applicable accounting rules is highly judgmental. We are required to consider all available positive and negative evidence in evaluating the likelihood that we will be able to realize the benefit of our deferred tax assets in the future. Such evidence includes scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and the results of recent operations. Since this evaluation requires consideration of events that may occur some years into the future, there is significant judgment involved and our conclusion could be materially different should certain of our expectations not transpire.

Based on actual results for fiscal 2018 and the Company's current forecast for fiscal 2019 the Company is in a three year cumulative loss position at December 31, 2018, and it expects to continue to be in a cumulative pretax loss position as of December 31, 2019. Management evaluated available positive evidence along with available negative evidence, including revenue declines during the year ended December 31, 2018, impairment charges recorded on certain goodwill and intangible assets due to declining projections of future operating results from certain of our acquisitions along with short term liquidity matters. After weighing both the positive and negative evidence, management concluded that the Company's deferred tax assets are not more likely-than-not realizable. Accordingly, the Company recorded a full valuation allowance of $6.1 million against its remaining deferred tax assets at December 31, 2018. The Company will continue to assess its ability to utilize its net operating loss carryforwards and the realizability of its deferred tax assets.

Unrecognized Tax Benefits

We have reviewed the tax positions taken, or to be taken, in our tax returns for all tax years currently open to examination by a taxing authority. As of December 31, 2018, the gross amount of unrecognized tax benefits exclusive of interest and penalties was zero. We have identified no other uncertain tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the twelve months ending December 31, 2019.

NOTE 15. COMMITMENTS AND CONTINGENCIES:

Operating Leases

The Company's principal facility is located in Suwanee, Georgia. The Company also leases office space in various locations with expiration dates between 2016 and 2020. The lease agreements often include leasehold improvement incentives, escalating lease payments, renewal provisions and other provisions which require the Company to pay taxes, insurance, maintenance costs, or defined rent increases. All of the Company's leases are accounted for as operating leases. Rent expense is recorded over the lease terms on a straight-line basis. Rent expense was $0.26 million and $0.34 million for the twelve months ended December 31, 2018 and December 31, 2017, respectively.

The future minimum rental payments under these lease agreements are as follows:

	Years ending December 31,

2019		157,789
2020		18,754
Total	**$**	**176,543**

NOTE 16. FAIR VALUE MEASUREMENT:

We utilize the following valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and
- Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based upon the lowest level input that is significant to the fair value measurement.

The following table sets forth the financial assets, measured at fair value, by level within the fair value hierarchy as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Cash equivalents:	$ -	$ -	$	$ -
Warrant liability			4,189,388	4,189,388
Contingent consideration	-	-	605,223	605,223
Total	-	-	$ 4,794,611	$ 4,794,611

The following table sets forth the financial assets, measured at fair value, by level within the fair value hierarchy as of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Cash equivalents:	$ -	$ -	$ -	$ -
Contingent consideration	-	-	3,374,660	3,374,660
Total	-	-	$ 3,374,660	$ 3,374,660

The following table presents the change in level 3 instruments:

Closing balance December 31st 2017		**3,374,660**
Additions during the period	$	4,189,388
Paid/settlements		(2,769,437)
Total gains recognized in Statement of Operations		-
Closing balance December 31st 2018	**$**	**4,794,611**

Contingent consideration pertaining to the acquisitions referred to in Note 4 above as of December 31, 2018 has been classified under Level 3 as the fair valuation of such contingent consideration has been done using one or more of the significant inputs which are not based on observable market data.

The fair value of the contingent consideration was estimated using a discounted cash flow technique with significant inputs that are not observable in the market. The significant inputs not supported by market activity included our probability assessments of expected future cash flows related to the acquisitions during the earn-out period, appropriately discounted considering the uncertainties associated with the obligation, and calculated in accordance with the respective terms of the share purchase agreements.

No financial instruments were transferred into or out of Level 3 classification during the years ended December 31, 2018 and 2017.

NOTE 17. SUBSEQUENT EVENTS:

On January 23, 2019, certain subsidiaries of Ameri Holdings, Inc. (the "Company"), including Ameri100 Arizona LLC, an Arizona limited liability company, Ameri100 Georgia, Inc., a Georgia corporation, Ameri100 California, Inc., a Delaware corporation and Ameri and Partners, Inc., a Delaware corporation, as borrowers (individually and collectively, "Borrower") entered into a Loan and Security Agreement (the "Loan Agreement"), with North Mill Capital LLC, as lender (the "Lender"). The Loan Agreement has an initial term of two years from the closing date, with renewal thereafter if Lender, at its option, agrees in writing to extend the term for additional one year periods (the "Term"). The Loan Agreement is collateralized by a first-priority security interest in all of the assets of Borrower. In addition, (i) pursuant to a Corporate Guaranty entered into by the Company in favor of the Lender (the "Corporate Guaranty"), the Company will guarantee the Borrower's obligations under the Credit Facility and (ii) pursuant to a Security Agreement entered into between the Company and Lender (the "Security Agreement"), the Company granted a first-priority security interest in all of its assets to Lender.

Borrower may request advances under the Credit Facility in an amount up to, so long as Dilution (as defined in the Loan Agreement) is equal to or less than one and one-half percent (1.5%) of the sum of (i) ninety percent (90%) of the aggregate outstanding amount of Eligible Accounts (as defined in the Loan Agreement) plus (ii) (x) eighty percent (80%) of the aggregate amount of the Eligible Unbilled Accounts (as defined in the Loan Agreement) or (y) One Million Dollars ($1,000,000), whichever is less; minus the Payroll Reserve (as defined in the Loan Agreement); provided , however , that in no event shall the maximum aggregate principal amount outstanding under the Loan Agreement exceed Ten Million Dollars ($10,000,000). The Borrowers received an initial advance on January 23, 2019 in an amount of approximately $2.85 million (the "Initial Advance").

Borrowings under the Credit Facility will accrue interest at the prime rate (as designated by Wells Fargo Bank, National Association) plus one and three quarters percentage points (1.75%), but in no event shall the interest rate be less than seven and one-quarter percent (7.25%). Notwithstanding anything to the contrary contained in the Loan Documents, the minimum monthly interest payable by Borrower on the Advances (as defined in the Loan Agreement) in any month shall be calculated based on an average Daily Balance (as defined in the Loan Agreement) of Two Million Dollars ($2,000,000) for such month. For the first year of the Term, Borrower shall pay to Lender a facility fee equal to $50,000, due in equal monthly installments, with additional facility fees due to Lender in the event borrowings exceed certain thresholds and with additional facility fees due and payable in later years or upon later milestones. In addition, Borrower shall pay to Lender a monthly fee (the "Servicing Fee") in an amount equal to one-eighth percent (.125%) of the average Daily Balance (as defined in the Loan Agreement) during each month on or before the first day of each calendar month during the Term.

Borrower also agreed to certain negative covenants in the Loan Agreement, including that they will not, without the prior written consent of Lender, enter into any extraordinary transactions, dispose of assets, merge, acquire, or consolidate with or into any other business organization or restructure.

If an Event of Default (as defined in the Loan Agreement) occurs, Lender may, among other things, (i) declare all obligations immediately due and payable in full; (ii) cease advancing money or extending credit to or for the benefit of Borrower; and/or (iii) terminate the Loan Agreement as to any future liability or obligation of Lender, without affecting Lender's right to repayment of all obligations and Lender's security interests.

In March 2019, we received gross proceeds of approximately $1.5 million upon the exercise of 4,699,312 series A warrants for purchase of common stock.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 25th day of March 2019.

AMERI Holdings, Inc.

By: /s/ Brent Kelton
Brent Kelton
Chief Executive Officer (Principal Executive Officer)

By: /s/ Barry Kostiner
Barry Kostiner
Chief Financial Officer (Principal Financial Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint jointly and severally, Brent Kelton and Barry Kostiner, or either of them, with full power of substitution and full power to act without the other, his or her true and lawful attorney-in-fact and agent to act for him or her in his or her name, place and stead, in any and all capacities, to sign any or all amendments thereto (including without limitation any post-effective amendments hereto), and any Registration Statement for the same offering that is to be effective under Rule 462(b) of the Securities Act, and to file each of the same, with all exhibits thereto, and other documents in connection therewith or herewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully, to all intents and purposes, as they, he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Srinidhi Devanur Srinidhi Devanur	Chairman of the Board and Director	March 25, 2019
/s/ Brent Kelton Brent Kelton	Chief Executive Officer	March 25, 2019
/s/ Barry Kostiner Barry Kostiner	Chief Financial Officer	March 25, 2019
/s/ David Luci David Luci	Director	March 25, 2019
/s/ Dimitrios Angelis Dimitrios Angelis	Director	March 25, 2019
/s/ Thoranath Sukumaran Thoranath Sukumaran	Director	March 25, 2019

Exhibit 21.1

SUBSIDIARIES

Subsidiary	Jurisdiction of Organization	Jurisdiction of Qualification
Ameri and Partners Inc.	Delaware	New Jersey, Kansas
Ameri100 Georgia Inc.	Georgia	N/A
Linear Logics, Corp.	Pennsylvania	N/A
AMERI100 Virtuoso Inc.	Delaware	Kansas
Ameri100 Arizona LLC	Arizona	N/A
Ameri100 California Inc.	Delaware	California, Texas, Louisiana
Ameri Consulting Services Private Ltd.	India	N/A
Bellsoft India Solutions Private Ltd.	India	N/A
Ameri100 Canada Inc.	Nova Scotia, Canada	N/A
Bigtech Software Private Limited	India	N/A

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 25, 2019, with respect to the consolidated financial statements included in the Annual Report on Form 10-K of Ameri Holdings, Inc. for the twelve months ended December 31, 2018. We hereby consent to the incorporation by reference of said report in the Registration Statement of Ameri Holdings, Inc. on Form S-8 (File No. 333-208593, effective December 17, 2015).

/s/ Ram Associates

Hamilton, NJ

March 25, 2019

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brent Kelton, Chief Executive Officer of AMERI Holdings, Inc. (the "Registrant"), certify that:

1. I have reviewed this Annual Report on Form 10-K for the twelve months ended December 31, 2018 of AMERI Holdings, Inc. (the "Annual Report ");

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Annual Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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 Annual Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 25, 2019

By: /s/ Brent Kelton
Name: Brent Kelton
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Barry Kostiner, Chief Financial Officer of AMERI Holdings, Inc. (the " Registrant"), certify that:

1. I have reviewed this Annual Report on Form 10-K for the twelve months ended December 31, 2018 of AMERI Holdings, Inc. (the "Annual Report ");

2. Based on my knowledge, this Annual 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 Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual 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 Annual Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this Annual Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my 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 Annual Report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Annual Report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: March 25, 2019

By: /s/ Barry Kostiner
Name: Barry Kostiner
Title: Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing by AMERI Holdings, Inc. (the "Registrant") of its Annual Report on Form 10-K for the twelve months ended December 31, 2018 (the "Annual Report") with the Securities and Exchange Commission, I, Brent Kelton, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Annual Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 25, 2019

By: /s/ Brent Kelton
Name: Brent Kelton
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing by AMERI Holdings, Inc. (the "Registrant") of its Annual Report on Form 10-K for the twelve months ended December 31, 2018 (the "Annual Report") with the Securities and Exchange Commission, I, Barry Kostiner, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Annual Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Date: March 25, 2019

By: /s/ Barry Kostiner
Name: Barry Kostiner
Title: Chief Financial Officer (Principal Financial Officer)