SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from to

Commission file number: 000-55158

COCRYSTAL PHARMA, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**35-2528215**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1860 Montreal Road **Tucker, Georgia**	**30084**
(Address of Principal Executive Offices)	(Zip Code)

(678)-892-8800
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

As of November 7, 2016, the number of outstanding shares of the registrant's common stock, par value $0.001 per share, was 714,031,508.

COCRYSTAL PHARMA, INC.

FORM 10-Q FOR THE QUARTER ENDED September 30, 2016

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Part I – FINANCIAL INFORMATION
Cocrystal Pharma, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 5,906	$ 9,276
Accounts receivable	16	32
Prepaid expenses and other current assets	625	441
Mortgage note receivable, current portion	208	170
Total current assets	6,755	9,919
Property and equipment, net	320	430
Deposits	54	31
Mortgage note receivable, long-term portion	2,276	2,354
In process research and development	146,301	146,301
Goodwill	65,195	65,195
Total assets	$ 220,901	$ 224,230
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,243	$ 2,585
Derivative liabilities	1,907	4,115
Total current liabilities	3,150	6,700
Long-term liabilities		
Deferred rent	54	61
Deferred tax liability	49,875	49,875
Total long-term liabilities	49,929	49,936
Total liabilities	53,079	56,636
Commitments and contingencies		
Series A convertible preferred stock, $0.001 par value; 1,000 shares authorized, 0 shares issued and outstanding at September 30, 2016 and December 31, 2015 respectively, issued in the merger with RFS Pharma, LLC	-	-
Stockholders' equity:		
Series B convertible preferred stock, $.001 par value; 5,000 shares authorized; 0 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	-	-
Common stock, $.001 par value; 800,000 shares authorized; 714,032 and 694,396 issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	714	694
Additional paid-in capital	238,784	229,456
Accumulated deficit	(71,676)	(62,556)
Total stockholders' equity	167,822	167,594
Total liabilities and stockholders' equity	$ 220,901	$ 224,230

Cocrystal Pharma, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(unaudited)
(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Grant revenues	$ -	$ 24	$ -	$ 78
Operating expenses				
Research and development	2,093	2,177	7,803	5,751
General and administrative	(199)	1,437	3,630	3,902
Total operating expenses	1,894	3,614	11,433	9,653
Loss from operations	(1,894)	(3,590)	(11,433)	(9,575)
Other income (expense)				
Interest income	51	45	141	134
Realized gain (loss) on marketable securities	-	-	-	(1,686)
Other income (expense) net	-	1	(1)	-
Change in fair value of derivative liabilities	(38)	3,036	2,173	(8,494)
Total other income (expense), net	13	3,082	2,313	(10,046)
Loss before income taxes	(1,881)	(508)	(9,120)	(19,621)
Income tax expense	-	-	-	(52)
Net loss and comprehensive loss	$ (1,881)	$ (508)	(9,120)	$ (19,673)
Net loss per common share:				
Income (loss) per share, basic	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.03)
Weighted average common shares outstanding, basic	707,478	694,375	702,634	609,803
Income (loss) per share, fully diluted	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average common shares outstanding, diluted	707,478	696,946	703,417	609,803

Cocrystal Pharma, Inc.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited)
(in thousands)

	Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid in capital	Deficit	Equity
Balance as of December 31, 2015	694,396	$ 694	$ 229,456	$ (62,556)	$ 167,594
Exercise of warrants	27	-	35	-	35
Exercise of common stock options	20	-	3	-	3
Stock-based compensation	-	-	297	-	297
Sale of common shares	19,589	20	8,993	-	9,013
Net loss	-	-	-	(9,120)	(9,120)
Balance as of September 30, 2016	714,032	$ 714	$ 238,784	$ (71,676)	$ 167,822

Cocrystal Pharma, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine months ended September 30,	
	2016	2015
Operating activities:		
Net loss	$ (9,120)	$ (19,673)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	159	133
Deferred income taxes	-	52
Stock-based compensation	297	2,049
Change in fair value of derivative liabilities	(2,173)	8,494
Realized loss on marketable securities	-	1,686
Change in deferred rent	(7)	-
Changes in operating assets and liabilities:		
Accounts receivable	16	7
Prepaid expenses and other current assets	(184)	(387)
Accounts payable and accrued expenses	(1,342)	362
Net cash used in operating activities	(12,354)	(7,277)
Investing activities		
Purchase of fixed assets	(49)	(217)
Long-term deposits	(23)	-
Principal payments received on mortgage note receivable	40	55
Net cash provided by (used in) investing activities	(32)	(162)
Financing activities		
Proceeds from issuance of common stock and warrants	9,013	15,862
Proceeds from exercise of stock options	3	20
Net cash provided by financing activities	9,016	15,882
Net increase (decrease) in cash and cash equivalents	(3,370)	8,443
Cash and cash equivalents at beginning of period	9,276	3,970
Cash and cash equivalents at end of period	$ 5,906	$ 12,413
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Unrealized loss on marketable securities net of tax	$ -	$ (236)
Estimated fair value of warrants exchanged for common shares	-	13,862
Cashless exercise of warrants	35	-

Cocrystal Pharma, Inc.
Notes to the Condensed Consolidated Financial Statements
September 30, 2016
(unaudited)

Note 1- Organization and Significant Accounting Policies

The Company

Cocrystal Pharma, Inc. ("the Company") was formerly incorporated in Nevada under the name Biozone Pharmaceuticals, Inc. On January 2, 2014, Biozone Pharmaceuticals, Inc. sold substantially all of its assets to MusclePharm Corporation ("MusclePharm"), and, on the same day, merged with Cocrystal Discovery, Inc. ("Discovery") in a transaction accounted for as a reverse merger. Following the merger, the Company assumed Discovery's business plan and operations. On March 18, 2014, the Company reincorporated in Delaware under the name Cocrystal Pharma, Inc.

Effective November 25, 2014, Cocrystal Pharma, Inc. and affiliated entities completed a series of merger transactions as a result of which Cocrystal Pharma, Inc. merged with RFS Pharma, LLC, a Georgia limited liability company ("RFS Pharma"). We refer to the surviving entity of this merger as "Cocrystal" or the "Company."

Cocrystal is a biotechnology company which develops novel medicines for use in the treatment of human viral diseases. Cocrystal has developed proprietary structure-based drug design technology and antiviral nucleoside chemistry to create antiviral drug candidates. Our focus is to pursue the development and commercialization of broad-spectrum antiviral drug candidates designed to transform the treatment and/or prophylaxis of hepatitis C virus, influenza virus, norovirus, hepatitis B virus and human papillomavirus. By concentrating our research and development efforts on viral replication inhibitors, we plan to leverage our infrastructure and expertise in these areas.

The Company operates in only one segment. Management uses cash flow as the primary measure to manage its business and does not segment its business for internal reporting or decision-making.

The Company's activities since inception have consisted principally of acquiring product and technology rights, raising capital, and performing research and development. Successful completion of the Company's development programs, obtaining regulatory approvals of its products and, ultimately, achieving profitable operations are dependent on, among other things, its ability to access potential markets, securing financing, attracting, retaining and motivating qualified personnel, and developing strategic alliances. Through September 30, 2016, the Company has funded its operations primarily through equity offerings.

As of September 30, 2016, the Company had an accumulated deficit of $71.7 million. During the three and nine month periods ended September 30, 2016, the Company had losses from operations of $1.9 million and $11.4 million, respectively. Cash used in operating activities was approximately $12.4 million for the nine months ended September 30, 2016. The Company has not yet established an ongoing source of revenue sufficient to cover its operating costs. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. The Company can give no assurances that any additional capital that it is able to obtain, if any, will be sufficient to meet its needs, or that any such financing will be obtainable on acceptable terms. If the Company is unable to obtain adequate capital, it could be forced to cease operations or substantially curtail its drug development activities. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. The Company expects to continue to incur substantial operating losses and negative cash flows from operations over the next several years during its pre-clinical and clinical development phases.

Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statement presentation. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. Operating results for the nine month period ended September 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016 or any future interim periods. All intercompany accounts and transactions have been eliminated in consolidation.

These unaudited condensed financial statements should be read in conjunction with the audited financial statements and footnotes included in the Cocrystal Pharma, Inc. Annual Report on Form 10-K for the year ended December 31, 2015 as filed with the U.S. Securities and Exchange Commission ("SEC"). The accompanying condensed consolidated balance sheet as of September 30, 2016 has been derived from the audited financial statements as of that date, but does not include all of the information and notes required by GAAP. The Company has evaluated subsequent events after the balance sheet date of September 30, 2016 through the date it has filed these unaudited condensed consolidated financial statements with the SEC and has disclosed all events or transactions that would require recognition or disclosures in these unaudited condensed consolidated financial statements (See Note 11).

Our significant accounting policies and practices are presented in Note 2 to the financial statements included in the Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (ASU 2014-15). ASU 2014-15 requires management to determine whether substantial doubt exists regarding the entity's going concern presumption, which generally refers to an entity's ability to meet its obligations as they become due. If substantial doubt exists but is not alleviated by management's plan, the footnotes must specifically state that "there is substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued". In addition, if substantial doubt exists, regardless of whether such doubt was alleviated, entities must disclose (a) principal conditions or events that raise substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans, if any); (b) management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; and (c) management's plans that are intended to mitigate the conditions or events that raise substantial doubt, or that did alleviate substantial doubt, about the entity's ability to continue as a going concern. If substantial doubt has not been alleviated, these disclosures should become more extensive in subsequent reporting periods as additional information becomes available. In the period that substantial doubt no longer exists (before or after considering management's plans), management should disclose how the principal conditions and events that originally gave rise to substantial doubt have been resolved. The ASU applies prospectively to all entities for annual periods ending after December 15, 2016, and to annual and interim periods thereafter. Early adoption is permitted. The Company has not yet adopted the provisions of this ASU.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Company is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

In April 2016, the FASB issued ASU No. 2016-09, Stock Compensation Topic 718: *Improvements to Employee Share-based Payment Accounting*. This ASU simplifies the accounting for stock compensation on income tax accounting, classification of awards as either equity or liabilities, estimating forfeitures, and cash flow presentation. Based on this ASU, an entity should recognize all excess tax benefits and tax deficiencies, including tax benefits of dividends on share-based payment awards, as income tax expense or benefit in the income statement; they do not need to include the effects of windfalls and shortfalls in the annual effective tax rate estimate from continuing operations used for interim reporting purposes. As a result of including income tax effects from windfalls and shortfalls in income tax expense, the calculation of both basic and diluted EPS will be affected. The ASU also provides an accounting policy election for awards with service conditions to either estimate the number of awards that are expected to vest (consistent with existing U.S. GAAP) or account for forfeitures when they occur. The ASU increases the allowable statutory tax withholding threshold to qualify for equity classification from the minimum statutory withholding requirements up to the maximum statutory tax rate in the applicable jurisdiction(s). The ASU clarifies that cash paid to a taxing authority by an employer when directly withholding equivalent shares for tax withholding purposes should be considered similar to a share repurchase, and thus classified as a financing activity. All other employer withholding taxes on compensation transactions and other events that enter into the determination of net income continue to be presented within operating activities. The new standard takes effect in 2017 for public business entities and 2018 for all other entities. The Company has not adopted the provisions of ASU No. 2016-09. The Company is currently evaluating the impact of adopting ASU 2016-09 on its consolidated financial statements.

Note 2 – Fair Value Measurements

FASB Accounting Standards codification ("ASC") 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 — quoted prices in active markets for identical assets or liabilities.
Level 2 — other significant observable inputs for the assets or liabilities through corroboration with market data at the measurement date.
Level 3 — significant unobservable inputs that reflect management's best estimate of what market participants would use to price the assets or liabilities at the measurement date.

The Company categorized its cash equivalents as Level 1 fair value measurements. The Company categorized its warrants potentially settleable in cash as Level 3 fair value measurements. The warrants potentially settleable in cash are measured at fair value on a recurring basis and are being marked to fair value at each reporting date until they are completely settled or meet the requirements to be accounted for as component of stockholders' equity. The warrants are valued using the Black-Scholes option-pricing model as discussed in Note 4 below.

The following table presents a summary of fair values of assets and liabilities that are re-measured at fair value at each balance sheet date as of September 30, 2016 and December 31, 2015, and their placement within the fair value hierarchy as discussed above (in thousands):

Description	September 30, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 5,906	$ 5,906	$ -	$ -
Total assets	$ 5,906	$ 5,906	$ -	$ -
Liabilities:				
Warrants potentially settleable in cash	$ 1,907	$ -	$ -	$ 1,907
Total liabilities	$ 1,907	$ -	$ -	$ 1,907

Description	December 31, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 9,276	$ 9,276	$ -	$ -
Total assets	$ 9,276	$ 9,276	$ -	$ -
Liabilities:				
Warrants potentially settleable in cash	$ 4,115	$ -	$ -	$ 4,115
Total liabilities	$ 4,115	$ -	$ -	$ 4,115

The Company has not transferred any financial instruments into or out of Level 3 classification during the nine months ended September 30, 2016 or 2015. A reconciliation of the beginning and ending Level 3 liabilities for the nine months ended September 30, 2016 and 2015 is as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	September 30, 2016	September 30, 2015
Balance , January 1,	$ 4,115	$ 8,464
Estimated fair value of warrants exchanged for common shares	(35)	(13,862)
Change in fair value of warrants	(2,173)	8,494
Balance at September 30, 2016 and 2015	$ 1,907	$ 3,096

Note 3 – Stockholders' equity

Preferred Stock — The Company has authorized up to 5,000,000 shares of preferred stock, $0.001 par value per share, for issuance. In connection with the Merger Agreement with Discovery, the Company issued to Discovery's security holders 1,000,000 shares of the Company's Series B Convertible Preferred Stock ("Series B"). The Series B shares automatically converted into 205,083,086 shares of the Company's common stock on March 3, 2015 as a result of the Company's shareholders approving an increase in the number of the Company's authorized common shares to 800,000,000.

In connection with the merger with RFS Pharma in November 2014, the Company created a new series of Series A Preferred Stock ("Series A"). The Series A shares automatically converted into 340,760,802 shares of the Company's common stock on March 3, 2015 as a result of the Company's shareholders approving an increase in the number of the Company's authorized common shares to 800,000,000.

Common Stock — The Company has authorized up to 800,000,000 shares of common stock, $0.001 par value per share, and had 714,031,508 shares issued and outstanding as of September 30, 2016.

On March 9, 2016, we accepted subscription agreements representing investor commitments totaling $5,004,371 in a private placement offering of 9,812,492 shares of our common stock at a purchase price of $0.51 per share. The purchasers included seven members of our board of directors including Dr. Raymond F. Schinazi and Dr. Phil Frost. As of the date of this report, we have received all of the committed funds.

On September 1, 2016, we closed on proceeds of $4,008,201 in a private placement offering (the "Offering") of 9,776,100 shares of our common stock at a purchase price of $0.41 per share. The purchasers included three members of our board of directors, including Chairman Dr. Raymond F. Schinazi, Interim Chief Executive Officer Dr. Gary Wilcox, and Dr. David Block. In addition, OPKO Health, Inc., of which one of our director's Dr. Phillip Frost is Chairman and Chief Executive Officer, invested in the Offering.

Shares of common stock are reserved for future issuance as follows as of September 30, 2016 (in thousands):

	As of September 30, 2016
Stock options issued and outstanding	24,651
Options reserved for future issuance under the Company's 2015 Incentive Plan	47,885
Warrants outstanding	6,275
Total	78,811

Note 4 – Warrants

The following is a summary of activity in the number of warrants outstanding to purchase the Company's common stock for the nine months ended September 30, 2016 (in thousands):

	Warrants accounted for as: Equity			Warrants accounted for as: Liabilities			
	January 2012 warrants	March 2013 warrants	April 2013 warrants	February 2012 warrants	October 2013 Series A warrants	January 2014 warrants	Total
Outstanding, December 31, 2015	650	455	1,500	1,000	775	4,000	8,380
Warrants Expired	(650)	(455)	-	(889)	-	-	(1,994)
Warrants exercised	-	-	-	(111)	-	-	(111)
Outstanding, September 30, 2016	-	-	1,500	-	775	4,000	6,275
Expiration date	January 11, 2016	March 1, 2016	April 25, 2018	February 28, 2016	October 24, 2023	January 16, 2024	
	Expired	Expired		Expired			

Warrants consist of warrants potentially settleable in cash, which are liability-classified warrants, and equity-classified warrants.

Warrants classified as liabilities

Liability-classified warrants consist of warrants issued in connection with equity financings in February 2012, October 2013 and January 2014. The remaining warrants issued in February 2012 expired during the first quarter of 2016. The remaining outstanding warrants issued in October 2013 and January 2014 are potentially settleable in cash and were determined not to be indexed to the Company's own stock and are therefore accounted for as liabilities.

The estimated fair value of outstanding warrants accounted for as liabilities is determined at each balance sheet date. Any decrease or increase in the estimated fair value of the warrant liability since the most recent balance sheet date is recorded in the consolidated statement of comprehensive loss as changes in fair value of derivative liabilities. The fair value of the warrants classified as liabilities is estimated using the Black-Scholes option-pricing model with the following inputs as of September 30, 2016:

	October 2013 warrants	January 2014 warrants
Strike price	$ 0.50	$ 0.50
Expected term (years)	7.1	7.3
Cumulative volatility %	96%	97%
Risk-free rate %	1.42%	1.44%

The Company's expected volatility is based on a combination of implied volatilities of similar publicly traded entities as well as including the Company's own common stock volatility, given that the Company has limited history of its own observable stock price. The expected life assumption is based on the remaining contractual terms of the warrants. The risk-free rate is based on the zero coupon rates in effect at the balance sheet date. The dividend yield used in the pricing model is zero, because the Company has no present intention to pay cash dividends.

Warrants classified as equity

Warrants that were recorded in equity at fair value upon issuance, and are not reported as liabilities on the balance sheet, are included in the above table which shows all warrants.

Note 5 – Stock-based compensation

The Company reversed $1,392,000 of stock option expenses during the third quarter of 2016 related to options that had been issued to two executives that left the organization in July 2016 and which had not vested. Stock option expenses recorded for the remaining employees were $254,000, resulting in a negative stock option expense of $1,138,000 for the three months ended September 30, 2016. For the nine months ended September 30, 2016 net stock option expense was $299,000. For the three and nine months ended September 30, 2015, stock option expenses of $738,000 and $2,049,000 were recognized, respectively. As of September 30, 2016, there was $1,986,000 of unrecognized compensation cost related to outstanding options that is expected to be recognized as a component of the Company's

operating expenses over a weighted average period of 2.4 years.

As of September 30, 2016, an aggregate of 72,536,000 shares of common stock were reserved for issuance under the Company's Equity Incentive Plans, including 24,651,000 shares subject to outstanding common stock options granted under the plan and 47,885,000 shares available for future grants. The administrator of the plan determines the times when an option may become exercisable at the time of grant. Vesting periods of options granted to date have not exceeded five years. The options generally will expire, unless previously exercised, no later than ten years from the grant date. The Company is using unissued shares for all shares issued for options and restricted share awards.

The following schedule presents activity in the Company's outstanding stock options for the nine months ended September 30, 2016 (in thousands, except per share amounts):

	Number of shares available for grant	Total options outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value
Balance at December 31, 2015	29,485	43,071	$ 0.48	$ 17,867
Exercised	-	(20)	0.15	-
Granted	-	-	-	-
Cancelled	18,400	(18,400)		
Balance at September 30, 2016	47,885	24,651	$ 0.31	$ 7,619

As of September 30, 2016, options to purchase 24,651,200 shares of common stock, with an aggregate intrinsic value of $7,619,000, were outstanding that were fully vested or expected to vest with a weighted average remaining contractual term of 4.2 years. As of September 30, 2016, options to purchase 21,598,860 shares of common stock, with an intrinsic value of $6,342,000 were exercisable with a weighted average exercise price of $0.17 per share and a weighted average remaining contractual term of 3.7 years.

The aggregate intrinsic value of outstanding and exercisable options at September 30, 2016 was calculated based on the closing price of the Company's common stock as reported on the OTCQB market on September 30, 2016 of $0.49 per share less the exercise price of the options. The aggregate intrinsic value is calculated based on the positive difference between the closing fair market value of the Company's common stock and the exercise price of the underlying options.

Note 6 – Net Loss per Share

The Company accounts for and discloses net loss per common share in accordance with FASB ASC Topic 260, *Earnings Per Share*. Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding (which includes the common share equivalents of the outstanding Series B preferred shares prior to their conversion to common stock in March 2015). Diluted net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares that would have been outstanding during the period assuming the issuance of common shares for all potential dilutive common shares outstanding. Potential common shares consist of shares issuable upon the exercise of stock options and warrants.

The following table sets forth the computation of basic and diluted net loss per share (amounts in thousands, except per share amounts):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Numerator:				
Net income (loss)	$ (1,881)	$ (508)	$ (9,120)	$ (19,673)
Change in fair value of derivative liability - income/(loss)	-	3,036	2,173	-
Net income (loss) attributable to shareholders	$ (1,881)	$ (3,544)	$ (11,293)	$ (19,673)
Denominator:				
Weighted average shares outstanding used to compute net income (loss) per share:				
Basic	707,478	694,375	702,634	609,803
Adjustment for dilutive effects of warrants	-	2,571	783	-
Diluted	707,478	696,946	703,417	609,803
Net income (loss) per share				
Basic (net income / basic shares)	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.03)
Diluted (net income attributable/ diluted shares)	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.03)

The following table sets forth the number of potential common shares excluded from the calculations of net loss per diluted share because their inclusion would be anti-dilutive (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
Options to purchase common stock	24,651	24,614	24,651	24,614
Warrants to purchase common stock	-	2,571	783	-
Total	24,651	27,185	25,434	24,614

Note 7 - Mortgage Note Receivable

In June 2014, the Company acquired a mortgage note from a bank for $2,626,290 which is collateralized by, among other things, the underlying real estate and related improvements. The property subject to the mortgage is owned by 580 Garcia Properties, an entity managed by Daniel Fisher, one of the founders of Biozone, and is currently under lease to MusclePharm Corporation ("MusclePharm"). At September 30, 2016, the carrying amount of the mortgage note receivable was $2,507,000. The mortgage note has a maturity date of August 1, 2032 and bears an interest rate of 7.24%. The Company records its mortgage note receivable at the amount advanced to the borrower, which includes the stated principal amount and certain loan origination and commitment fees that are recognized over the term of the mortgage note. Interest income is accrued as earned over the term of the mortgage note. The Company evaluates the collectability of both interest and principal of the note to determine whether it is impaired. The note would be considered to be impaired if, based on current information and events, the Company determined that it was probable that it would be unable to collect all amounts due according to the existing contractual terms. If the note were considered to be impaired, the amount of loss would be calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the note's effective interest rate or to the fair value of the Company's interest in the underlying collateral, less the cost to sell. No impairment loss has been recognized in connection with the mortgage note receivable.

On December 23, 2015, the Company issued notice of default letters to 580 Garcia Properties, Daniel Fisher and Sharon Fisher for failure to remit certain payments on the promissory note. The Company also exercised a failure to pay provision within that note to escalate the interest rate from 7.24% to 11.24%. On September 27, 2016, The Notice of Default and Election to Sell under Deed of Trust was formally filed and recorded in Contra Costa County California. As of September 8, 2016, the additional amounts due the Company total approximately $206,000. Due to the contingent nature of this default action, the Company has not recorded a receivable for this amount in its financial statements. The Company is no longer accepting scheduled payments from the defendants until matter is resolved.

Note 8 – Income Taxes

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

As a result of the Company's cumulative losses, management has concluded that a full valuation allowance against the Company's net deferred tax assets is appropriate. The Company has recorded a net deferred tax liability of $49,875,000 as of September 30, 2016 and December 31, 2015 as it has not considered the deferred tax liability, which is related to acquired in-process research and development, to be a future source of taxable income in evaluating the need for a valuation allowance against its deferred tax assets due to the in-process research and development asset being considered an indefinite-lived intangible asset.

FASB ASC Topic 740, *Income Taxes* ("ASC 740"), prescribes a recognition threshold and a measurement criterion for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be considered more likely than not to be sustained upon examination by taxing authorities. The Company records interest and penalties related to uncertain tax positions as a component of the provision for income taxes. As of September 30, 2016 and December 31, 2015, the Company had no unrecognized tax benefits.

The Company currently files income tax returns in the United States federal and various state jurisdictions. The Company is not currently under examination in any jurisdiction.

Note 9 - Contingencies

From time to time, the Company is a party to, or otherwise involved in, legal proceedings arising in the normal course of business. As of the date of this report, except as described below, the Company is not aware of any proceedings, threatened or pending, against it which, if determined adversely, would have a material effect on its business, results of operations, cash flows or financial position.

The Company has been named as a party to a lawsuit filed on April 15, 2014 in Contra Costa County, California by an entity managed by Mr. Daniel Fisher. Also named in this action are two of the Company's subsidiaries – BioZone Laboratories and Cocrystal Discovery. The action seeks recovery on a promissory note purportedly executed by BioZone Laboratories in the principal amount of $295,000 in 2007, or almost seven years before the Company's acquisition of Cocrystal Discovery. Motions challenging the sufficiency of the allegations in the complaint were filed in the third quarter, 2014. The motions were granted and plaintiff was given an opportunity to amend the complaint, and plaintiff has filed an amended complaint. On July 2, 2015 the Company, along with its subsidiaries and other named defendants, filed a motion to bifurcate the action, and stay discovery on one of the causes of action. This motion was granted on August 27, 2015 and the Court limited the scope of discovery in the first phase of the case. The Court also ordered that the Company post a bond for the amount of $295,000, and the Company complied with the Order by posting the bond on September 29, 2015. This is recorded as a short-term deposit. At a hearing held April 19, 2016 the Court ordered the parties to attempt resolution through a mediation. This mediation took place May 19, 2016 with no resolution. A trial date has been set for February 2017.

On October 13, 2013, Plaintiff Shefa LMV, LLC ("Plaintiff") filed a First Amended Complaint in Los Angeles Superior Court for civil penalties and injunctive relief against numerous retailers and manufacturers of products, and alleged violations of California Health & Safety Code Sec. 25249.6 (part of the "Safe Drinking Water and Toxic Enforcement Act") and California Business & Professional Code Sec. 17200, et seq. (California's "Unfair Competition Law"). The case is captioned Shefa LMV, LLC v. Walgreens Co., et al., LASC Case No. BC520416. The complaint alleges that the retailers and manufacturers failed to place a clear and reasonable warning on the products which contained "Cocamide DEA" pursuant to the Safe Drinking Water and Toxic Enforcement Act, and further requested that the defendants be enjoined from manufacturing or selling products with Cocamide DEA in the State of California. Numerous actions that had been filed alleging similar claims against defendants who manufactured and/or sold Cocamide DEA products have been coordinated, with a new Judicial Council Coordination Proceeding Case No. JCCP 4765. On October 17, 2014, Plaintiff filed an amendment to the Complaint, adding BioZone Laboratories, Inc. a California corporation, as Doe Defendant No. 9. The Company filed an Answer to the First Amended Complaint on October 13, 2015. No discovery has taken place yet.

In October 2015, Cocrystal Pharma, Inc. received a subpoena from the staff of the Securities and Exchange Commission seeking the production of documents. The Company is fully cooperating with the inquiry. The Company cannot predict or determine whether any proceeding may be instituted in connection with the subpoena or the outcome of any proceeding that may be instituted.

On December 23, 2015, the Company issued notice of default letters to 580 Garcia Properties, Daniel Fisher and Sharon Fisher for failure to remit certain payments on a promissory note executed between the parties in June 2014. On September 27, 2016, The Notice of Default and Election to Sell under Deed of Trust was formally filed and recorded in Contra Costa County California. The additional amounts due the Company have not been recorded in its financial statements.

Note 10 - Transactions with Related Parties

As part of the merger (that occurred on November 25, 2014) with RFS Pharma, LLC, Cocrystal assumed the lease for RFS Pharma facilities located in Tucker, Georgia. This lease was amended on January 1, 2014 and expires on December 31, 2016 for approximately 5,626 square feet of office and laboratory space. Cocrystal leases the Tucker, Georgia facility from a trust established, in part, for the benefit of one of Cocrystal's Directors, Dr. Raymond Schinazi. This lease terminates December 31, 2016. The total rent expense was $59,000 and $177,000 for the three and nine months ended September 30, 2016, respectively, and $55,000 and $165,000 for the three and nine months ended September 30, 2015, respectively.

Emory University: Cocrystal Pharma has an exclusive license from Emory University for use of certain inventions and technology related to inhibitors of HCV that were jointly developed by Emory and Cocrystal Pharma employees. The License Agreement is dated March 7, 2013 wherein Emory agrees to add to the Licensed Patents and Licensed Technology Emory's rights to any patent, patent application, invention, or technology application that is based on technology disclosed within three (3) years of March 7, 2013. The agreement includes payments due to Emory ranging from $40,000 to $500,000 based on successful achievement of certain drug development milestones. Additionally, Cocrystal may have royalty payments at 3.5% of net sales due to Emory with a minimum in year one of $25,000 and increase to $400,000 in year five upon product commercialization. One of Cocrystal's Directors, Dr. Raymond Schinazi, is also a faculty member at Emory University and may share in these royalty payments to Emory.

Duke University and Emory University: Cocrystal Pharma has entered an agreement to license various patents and know-how to use CRISPR/Cas9 technologies for developing a possible cure for hepatitis B virus (HBV) and human papilloma virus (HPV). This license allows Cocrystal Pharma to develop and potentially commercialize a cure for HBV and HPV utilizing the underlying patents and technologies developed by the universities. This agreement includes a non-refundable $100,000 license fee payable to Duke upon a determination of rights letter from the U.S. Veterans Administration with respect to patents and know-how that disclaims any ownership interest. Future royalties may be payable to Duke, ranging from 2-5% of net sales depending on achieving certain sales milestones, if commercial products are developed using this know-how. One of Cocrystal's Directors, Dr. Raymond Schinazi, is also a faculty member at Emory University and may share in these royalty payments to Emory.

We have engaged seven physicians that comprise our Scientific Advisory Board. These physicians are compensated approximately $25,000 per quarter collectively for providing their expertise. Three of these physicians are also investors in our company.

Note 11 – Subsequent Events

None

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

Overview

Cocrystal is a biotechnology company working to develop novel medicines for use in the treatment of human viral diseases. Cocrystal has developed proprietary structure-based drug design technology and antiviral nucleoside chemistry to create first-in-class and best-in-class antiviral drug candidates. Our focus is to pursue the development and commercialization of broad-spectrum antiviral drug candidates that will transform the treatment and/or prophylaxis of hepatitis C virus, norovirus, and influenza virus. By concentrating our research and development efforts on viral replication inhibitors, we plan to leverage our infrastructure and expertise in these areas.

Highlights

During the three months ending September 30, 2016, the Company focused on its research and development efforts and continued its clinical trials for our Non-Nucleoside HCV Polymerase Inhibitor (NNI) CC-31244, which began in April 2016.

- Hepatitis C - CC-31244 (Pan-genotypic NNI). The Company announced positive interim data from a randomized, double-blind Phase Ia/Ib study of CC-31244, a pan-genotypic, potent NS5B non-nucleoside inhibitor (NNI), for the treatment of chronic hepatitis C virus (HCV) infection. The study is designed to evaluate CC-31244's safety/tolerability and pharmacokinetics, including food effect and antiviral activity.

  The study includes two groups: Group A (single ascending doses, and multiple doses in healthy volunteers), and Group B (multiple doses in HCV infected individuals). The study has dosed a total of 42 healthy volunteers with single (20, 50, 100, 200 and 400 mg) and multiple doses of CC-31244 at 200 and 400 mg for 7 days. Four HCV GT1 infected patients have been dosed with 400 mg once daily for 7 days.

  Initial data from the once daily 400 mg dosing study show that CC-31244 had a substantial and durable antiviral effect with an average HCV RNA viral load decline from baseline of 3 logs by Day 4. The average viral load did not return to baseline levels even at 6 days post last dose. In addition, no viral breakthrough was observed during the treatment period. No serious adverse event was reported. To date, CC-31244 appears to be safe and well tolerated in both healthy and HCV-infected subjects.

- Hepatitis C – CC-2850 (Pan-genotypic nucleoside inhibitor). We have generated additional pre-clinical *in vitro* and *in vivo* data for comparison with Sofosbuvir.

- Hepatitis C – CC-2069 (Pan-genotypic NS5A inhibitor). We have obtained additional preclinical *in vitro* data for CC-2069. We are nearing completion of the synthesis of non-GMP and GMP batches of CC-2069.

- Hepatitis C - Helicase – We have continued preclinical studies on several helicase inhibitors and have conducted *in vitro* combination studies with HCV DAAs (Direct-Acting Antivirals).

- Influenza - We are developing novel broad spectrum inhibitors of the influenza A polymerase enzyme. Our inhibitors target an enzyme complex essential to influenza viral replication and transcription, and have shown excellent *in vitro* potency and pharmacokinetic properties. Our lead molecule is now being tested in pre-clinical toxicology studies.

- Norovirus - We have continued to identify and test nucleoside and non-nucleoside polymerase inhibitors.

Results of Operations for the Three and Nine months Ended September 30, 2016 compared to the Three and Nine months Ended September 30, 2015

Revenue

As previously stated, we are focused on research and development of novel medicines for use in the treatment of human viral diseases. We had no revenue for the three and nine months ended September 30, 2016. Grant revenues received during the three and nine months ended September 30, 2015 were $24,000 and $78,000, respectively, and were related to a collaboration with the University of Mississippi on an R01 grant from the National Center of Complementary and Alternative Medicine.

Research and Development Expense

Research and development expense consists primarily of compensation-related costs for our employees dedicated to research and development activities and for our Scientific Advisory Board members, as well as lab supplies, lab services, and facilities and equipment costs. We expect research and development expenses to increase in future periods as we expand our clinical and pre-clinical development activities.

Total research and development expenses were approximately $2,093,000 for the three months ended September 30, 2016, compared with $2,177,000 for the three months ended September 30, 2015. The decrease of $84,000, or 4%, was due a decrease in stock-based compensation expense of $352,000 caused primarily by reversal of stock-based compensation expense associated with options that were forfeited by an employee prior to vesting, and lower operating costs of $119,000 (primarily a decrease in rent expense of $98,000), offset by higher clinical and pre-clinical costs, a $395,000 increase, as we proceeded with a Phase I clinical trial in 2016.

Total research and development expenses were approximately $7,803,000 for the nine months ended September 30, 2016, compared with $5,751,000 for the nine months ended September 30, 2015. The increase of $2,052,000 or 36%, was due to a $1,619,000 increase in pre-clinical and clinical costs as we ramped up a phase I trial in 2016, a $200,000 increase in professional fees for consulting services engaged to support initiation of a Phase I clinical trial, and $109,000 in compensation and other operating costs. These were partially offset by a reduction in general operating costs of $193,000 (primarily a decrease in rent expense of $153,000).

General and Administrative Expense

General and administrative expense includes compensation-related costs for our employees dedicated to general and administrative activities, legal fees, audit and tax fees, consultants and professional services, and general corporate expenses.

General and administrative expenses were negative for the three months ended September 30, 2016 in the amount of $199,000, compared with positive expense of $1,437,000 for the three months ended September 30, 2015. The decrease of $1,636,000, is due to a $1,524,000 decline in stock-based compensation expense, lower personnel costs of $244,000 and lower travel and entertainment expenses of $41,000, offset by higher general operating costs of $183,000 (primarily an increase in rent expense of $98,000). The significant decline in stock-based compensation and the resulting negative amount of general and administrative expense for the three months ended September 30, 2016 was due to reversal of stock-based compensation expense associated with options that were forfeited by the Company's former Chief Executive Officer prior to vesting. Because we had assumed a zero forfeiture rate related to these options, expense associated with these options that had been recorded in previous periods was reversed during the three months ended September 30, 2016, since none of these options had vested prior to forfeiture.

General and administrative expenses were approximately $3,630,000 for the nine months ended September 30, 2016, compared with $3,902,000 for the nine months ended September 30, 2015. The decrease of $272,000, or 7%, is due to a $1,616,000 decline in stock option expense, primarily for the reason cited in the previous paragraph, offset by higher personnel costs of $321,000, higher professional fees of $569,000 (primarily legal expenses) and higher general operating costs of $451,000 (reflecting higher rent of $221,000, higher depreciation related to equipment additions and leasehold improvements at our Tucker, Georgia facility of $70,000, higher insurance costs related to D&O coverage and the addition of clinical trials coverage of $47,000, higher utilities and network services of $70,000 and California franchise taxes of $30,000 related to an audit of one of our predecessor companies, Biozone Pharmaceuticals).

Interest Income/Expense

Interest income was $51,000 and $141,000 for the three months and nine months ended September 30, 2016, respectively. Interest income was $45,000 and $134,000 for the three months and nine months ended September 30, 2015, respectively. These amounts represents interest earned on the mortgage note we acquired in June 2014. Interest expense was negligible for the three and nine months ended September 30, 2016 and 2015.

Other Income/Expense

Other income, net was $13,000 and $2,313,000 for the three and nine months ended September 30, 2016, respectively. Other income consists primarily of the change in fair value of outstanding warrants to purchase our common stock, which are accounted for as liabilities. For both the three and nine months ended September 30, 2016 our stock price decreased, 111,111 warrants were exercised and 888,889 warrants expired. Under accounting principles generally accepted in the United States, we record other income or expense for the change in fair value of our outstanding warrants that are accounted for as liabilities during each reporting period. If the fair value of the warrants decreases during the period, we record other income. The fair value of our outstanding warrants is inversely related to the fair value of the underlying common stock; as such, a decrease in the fair value of our common stock during a given period generally results in other income while an increase in the fair value of our common stock results in other expense. For the three and nine months ended September 30, 2015, we recorded other income of $3,082,000 and other expense of $10,046,000, respectively. Except for the interest income amount noted above, this other income or expense is non-cash. We believe investors should focus on our operating loss rather than net loss for the periods presented. Our operating loss for the three and nine months ended September 30, 2016 was $1,894,000 and $11,433,000, respectively, compared to $3,590,000 and $9,575,000 for the same periods in 2015, respectively.

Income Taxes

As a result of our cumulative losses, we have concluded that a full valuation allowance against our net deferred tax assets is appropriate. We have recorded a net deferred tax liability of $49,875,000 as of September 30, 2016 and December 31, 2015 as we have not considered the deferred tax liability, which is related to acquired in-process research and development, to be a future source of taxable income in evaluating the need for a valuation allowance against our deferred tax assets due to the in-process research and development asset being considered an indefinite-lived intangible asset.

Net Loss

As a result of the above factors, for the three and nine months ended September 30, 2016, we had a net loss of approximately $1,881,000 and $9,120,000 compared to a net loss of approximately $508,000 and $19,673,000 for the same periods in 2015. For the three months ended September 30, 2016, our net loss increased $1,373,000 compared to the same period in 2015 primarily from lower other income recognized on the change in fair value of our warrant liability ($3,074,000 other income reduction) offset by lower stock option expenses of $1,856,000 due to the aforementioned options forfeiture by two executives that left the organization. Greater research and development pre-clinical and clinical spending for the three months ended September 30, 2016 compared to the same period last year ($395,000 increase) contributes to the overall increase in net loss for the period. The decrease in net loss for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015 of $10,553,000 is primarily attributable to the $10.7 million difference in the amount recorded during the periods related to the change in the fair value of our warrant liabilities, as described above, offset by increases in research and development pre-clinical and clinical spending as we ramped up a phase I trial in 2016. We believe investors should focus on our operating loss rather than net loss for the periods presented. Our operating loss, which does not include the change in the value of derivative liabilities, a non-cash expense, for the three and nine months ended September 30, 2016 was $1,894,000 and $11,433,000 respectively, compared to an operating loss $3,590,000 and $9,575,000 for the same periods in 2015, respectively.

Liquidity and Capital Resources

Net cash used in operating activities was approximately $12,354,000 for the nine months ended September 30, 2016 compared to $7,277,000 for the same period in 2015. For the nine months ended September 30, 2016, net cash used by operating activities consisted primarily of $11,433,000 in operating expenses net of changes in operating assets and liabilities.

Net cash used in investing activities was $32,000 for the nine months ended September 30, 2016 compared to $162,000 provided for the same period in 2015. For the nine months ended September 30, 2016, net cash used for investing activities consisted primarily of capital spending of $49,000 and long-term deposits of $23,000, net of $40,000 in principal payments received on our mortgage note receivable. For the nine months ended September 30, 2015, net cash used for investing activities of $162,000 consisted of capital spending of $217,000, mostly for renovations of our Tucker, Georgia facility, net of principal payments received on our mortgage note receivable of $55,000.

Net cash provided by financing activities was approximately $9,016,000 for the nine months ended September 30, 2016 compared to cash provided by financing activities of $15,882,000 for the same period in 2015. Net cash provided by financing activities for the nine months ended September 30, 2016 amounted to approximately $9,013,000 in proceeds from sale of our common stock and $3,000 for the exercise of stock options. For the nine months ended September 30, 2015, cash provided by financing activities resulted from our sale of common stock and warrants, which resulted in proceeds of $15,862,000, and proceeds from the exercise of stock options of $20,000.

We have a history of operating losses as we have focused our efforts on raising capital and research and development activities. The Company's consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has never been profitable, has no products approved for sale, has not generated any revenues to date from product sales, and has incurred significant operating losses and negative operating cash flows since inception. For the year ended December 31, 2015, the Company recorded a net loss of approximately $50.1 million and used approximately $10.3 million of cash in operating activities. For the nine months ended September 30, 2016, the Company recorded a net loss of approximately $9.1 million and used approximately $12.4 million of cash for operating activities.

As of September 30, 2016 and November 7, 2016, the Company has $5.9 million and $5.2 million, respectively, in cash to fund its operations. The Company does not believe its current cash balances will be sufficient to allow the Company to fund its operating plan for the next twelve months. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations or substantially curtail its drug development activities. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should the Company be unable to continue as a going concern.

As the Company continues to incur losses, achieving profitability is dependent upon the successful development, approval and commercialization of its product candidates, and achieving a level of revenues adequate to support the Company's cost structure. The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional capital. Management intends to fund future operations through additional private or public equity offering and may seek additional capital through arrangements with strategic partners or from other sources. There can be no assurances, however, that additional funding will be available on terms acceptable to the Company, or at all. Any equity financing may be dilutive to existing shareholders.

Tabular Disclosure of Contractual Obligations

Contractual Obligations ($ in thousands)	Payments due by period			
	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating Lease Obligations	$ 191	$ 333	$ -	$ -

The above amounts exclude potential payments to be made under our license agreement to our licensors that are based on the progress of our product candidates in development, as these payments are not determinable.

Cocrystal Pharma has an exclusive license from Emory University for use of certain inventions and technology related to inhibitors of HCV that were jointly developed by Emory and Cocrystal Pharma employees. The agreement includes payments due to Emory ranging from $40,000 to $500,000 based on successful achievement of certain drug development milestones. Additionally, Cocrystal may have royalty payments at 3.5% of net sales due to Emory with a minimum in year one of $25,000 and increase to $400,000 in year five upon product commercialization.

Cocrystal Pharma has entered an agreement to license various patents and know-how to use CRISPR/Cas9 technologies for developing a possible cure for hepatitis B virus (HBV) and human papilloma virus (HPV) from Duke and Emory Universities. This agreement includes a non-refundable $100,000 license fee payable to Duke upon a determination of rights letter from the U.S. Veterans Administration with respect to patents and know-how that disclaims any ownership interest. Future royalties may be payable to Duke, ranging from 2-5% of net sales depending on achieving certain sales milestones, if commercial products are developed using this know-how.

Cautionary Note Regarding Forward-Looking Statements

This report includes forward-looking statements including statements regarding our drug development activities, future equity offering, cash flow deficit and liquidity. The words "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include the continued strength of the market for bio pharma equity offerings, unanticipated events which adversely affect the timing and success of our regulatory filings, failure to develop products which are deemed safe and effective and other issues which affect our ability to commercialize our product candidates. Further information on our risk factors is contained in our filings with the SEC, including our Annual Report on Form 10-K. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

Critical Accounting Policies and Estimates

In our Annual Report on Form 10-K for the year ended December 31, 2015, we disclosed our critical accounting policies and estimates upon which our financial statements are derived. There have been no changes to these policies since December 31, 2015. Readers are encouraged to review these disclosures in conjunction with the review of this report. Because of the materiality associated with in-process research and development assets on our Balance Sheet, the following has been included which highlights management's assessment of impairment of these assets.

Business Combinations and Intangible Assets

In connection with our acquisition of RFS Pharma in November 2014, we acquired a substantial amount of intellectual property. We have accounted for the intellectual property acquired as an in-process research and development (IPR&D) asset and have determined that asset to have an indefinite life based on the stage of development of the research projects of RFS Pharma at the date of acquisition. This intangible asset, which is presently recorded at $146.3 million, will continue to have an indefinite life until the associated research and development activities are complete, at which point a determination of the asset's useful life will be made. Prior to completion of these research and development activities, the intangible asset will be subject to annual impairment tests, or more frequent tests in the event of any impairment indicators occurring. These impairment tests require significant judgment regarding the status of the research activities, the potential for future revenues to be derived from any products that may result from those activities, and other factors. The Company's annual impairment test is done as of November 30, 2016 to coincide with the acquisition date of RFS Pharma. Management has concluded during the interim period covered by our third quarter 10-Q report that no impairment indicators have occurred.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There has been no material change in our assessment of sensitivity to market risk since our presentation set forth in Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act. Our management is also required to assess and report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"). Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*. During our assessment of the effectiveness of internal control over financial reporting as of September 30, 2016, we identified the following material weaknesses:

COSO Components – Control Environment

We did not maintain an effective control environment, which is the foundation and structure necessary for effective internal control over financial reporting, as evidenced by: (i) lack of segregation of duties over individuals responsible for certain key control activities; (ii) an insufficient number of personnel appropriately qualified to perform control monitoring activities, including the recognition of the risks and complexities of transactions; and (iii) an insufficient number of personnel with the appropriate level of GAAP knowledge and experience commensurate with our financial reporting requirements. This control environment material weakness contributed to the company not having effective controls to ensure that potential errors or misstatements may occur, but may not be detected.

Risk Assessment, Monitoring Activities and Control Activities - Segregation of Duties

We did not maintain adequate segregation of duties in our accounting and financial reporting processes. We have not appropriately restricted access to our accounting applications to appropriate users and do not have processes in place that ensure that appropriate segregation of duties is maintained. Certain personnel have access to financial applications, programs and data beyond that needed to perform their individual job responsibilities and without independent monitoring. This allows for the creation, review and processing of certain financial data without independent review and authorization. There are also certain financial personnel that have incompatible duties, including in the areas of cash disbursements, payroll, and journal entry reviews. We have not yet completed the process of assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of the person's duties. Particularly in the areas of purchases, cash disbursements, and payroll, certain individuals have incompatible duties that limit our ability to identify and detect errors or fraud that may occur.

Risk Assessment, Monitoring Activities and Control Activities - Supervision and Review of Complex Accounting Areas

The Company lacks sufficient qualified personnel to review conclusions reached regarding the accounting for complex transactions and related analyses to record amounts resulting from such transactions in our financial records. For calculations related to stock-based compensation and the fair value of our derivative liabilities in particular, there is a lack of review of assumptions used and the underlying calculations made by the preparer of this information that are then used to record amounts in our financial statements. There is also a lack of review of assumptions used and documentation of the sources of information used in our evaluation of the fair value of our in-process research and development intangible asset. Our internal control over these processes would not allow for employees to detect a material misstatement in these areas in the normal course of performing their duties.

Risk Assessment, Information and Communication - Authorization, Identification and Reporting of Related Party Transactions

We do not have processes in place to ensure that all related party transactions, including those entered into with or on behalf of related parties, (1) have been identified, (2) are properly authorized prior to entering into the transaction, and (3) are properly monitored and evaluated for appropriate recording and presentation in the financial statements.

Monitoring Activities and Control Activities - Financial Reporting Process

We did not maintain an effective financial reporting process to prepare financial statements in accordance with U.S. GAAP. Specifically, our process lacked timely and complete financial statement reviews and procedures to ensure all required disclosures were made in our

financial statements. We also lacked a process to review information used to prepare our financial statements and disclosures and did not have adequate segregation of duties over preparation of the financial statements.

The material weaknesses identified by management could result in a material misstatement to our annual or interim financial statements that would not be prevented or detected. Management has concluded that our internal control over financial reporting was not effective as of September 30, 2016 due to the material weaknesses identified.

A material weakness (within the meaning of PCAOB Auditing Standard No. 5) is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness; yet important enough to merit attention by those responsible for oversight of Cocrystal's financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 and procedures may deteriorate.

Remediation Plan

The Company recognized that it did not maintain an effective control environment during 2015 and the first nine months of 2016 which contributed to the company not having effective controls to ensure that potential errors or misstatements may occur, but may not be detected. During the first quarter of 2016, the company began evaluation of the various risk control matrices to identify the key versus non-key activities and related controls. During the second and third quarters of 2016, the Company continued to document its control environment and implement both key controls and entity-level controls. Those controls that have been implemented have not been tested or validated by our auditors.

Segregation of Duties-The Company has developed a Segregation of Duties Matrix and has updated business processes, documentation and job roles to fully implement this matrix. We have completed the process of assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of the person's duties. Our financial software does not provide robust administrative tools to effectively segregate roles, especially with limited financial staff. The Company will be evaluating a replacement financial system in 2016 but will also focus on effective compensating controls until the financial software can be upgraded or replaced.

Supervision and Review of Complex Accounting Areas-During 2015, the Chief Financial Officer was responsible for calculations related to stock-based compensation and the fair value of derivative liabilities. As conducted in 2015, this process did not provide the appropriate level of review of assumptions and underlying calculations to detect material misstatements. For the first nine months of 2016, the Controller prepared these complex calculations and the Chief Financial Officer reviewed those prior to adjusting any valuations in the financial statements.

Authorization, Identification and Reporting of Related Party Transactions- During 2015, the Company added a General Counsel position to the organization. The Company is in the process of developing contracting procedures that will require both the General Counsel and Chief Financial Officer to review and approve all new contracts and agreements, prior to approval by the Chief Executive Officer. The Company is also in the process of tightening procurement processes to ensure competitive bids are requested and the vendors participating in these bids are more thoroughly researched prior to any Company commitments.

More formal financial statement review processes will be established and will include the CEO and General Counsel, in addition to the CFO. A disclosure checklist has been developed to help ensure the adequacy and timeliness of all financial statement disclosures.

Changes in Internal Control over Financial Reporting

The addition of a contract Controller to our organization in early 2016, has helped further segregate roles within the finance organization. The Controller provided all the calculations related to stock-based compensation and the fair value of derivative liabilities. This Controller also performed most of the journal entry processing and review of the Accountant's account analysis. These changes resulted in having the CFO perform oversight and review instead of direct processing. The other changes made to our internal control over financial reporting during our most recently completed fiscal quarter have been described above.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is a party to, or otherwise involved in, legal proceedings arising in the normal course of business. As of the date of this report, except as described below, the Company is not aware of any proceedings, threatened or pending, against it which, if determined adversely, would have a material effect on its business, results of operations, cash flows or financial position.

The Company has been named as a party to a lawsuit filed on April 15, 2014 in Contra Costa County, California by an entity managed by Mr. Daniel Fisher. Also named in this action are two of the Company's subsidiaries – BioZone Laboratories and Cocrystal Discovery. The action seeks recovery on a promissory note purportedly executed by BioZone Laboratories in the principal amount of $295,000 in 2007, or almost seven years before the Company's acquisition of Cocrystal Discovery. Motions challenging the sufficiency of the allegations in the complaint were filed in the third quarter, 2014. The motions were granted and plaintiff was given an opportunity to amend the complaint, and plaintiff has filed an amended complaint. On July 2, 2015 the Company, along with its subsidiaries and other named defendants, filed a motion to bifurcate the action, and stay discovery on one of the causes of action. This motion was granted on August 27, 2015 and the Court limited the scope of discovery in the first phase of the case. The Court also ordered that the Company post a bond for the amount of $295,000, and the Company complied with the Order by posting the bond on September 29, 2015. This is recorded as a short-term deposit. At a hearing held April 19, 2016 the Court ordered the parties to attempt resolution through a mediation. This mediation took place on May 19 and no resolution resulted from that session. A trial date has been set for February 2017.

On October 13, 2013, Plaintiff Shefa LMV, LLC ("Plaintiff") filed a First Amended Complaint in Los Angeles Superior Court for civil penalties and injunctive relief against numerous retailers and manufacturers of products, and alleged violations of California Health & Safety Code Sec. 25249.6 (part of the "Safe Drinking Water and Toxic Enforcement Act") and California Business & Professional Code Sec. 17200, et seq. (California's "Unfair Competition Law"). The case is captioned Shefa LMV, LLC v. Walgreens Co., et al., Los Angeles Superior Court Case No. BC520416. The complaint alleges that the retailers and manufacturers failed to place a clear and reasonable warning on the products which contained "Cocamide DEA" pursuant to the Safe Drinking Water and Toxic Enforcement Act, and further requested that the defendants be enjoined from manufacturing or selling products with Cocamide DEA in the State of California. Numerous actions that had been filed alleging similar claims against defendants who manufactured and/or sold Cocamide DEA products have been coordinated, with a new Judicial Council Coordination Proceeding Case No. JCCP 4765. On October 17, 2014, Plaintiff filed an amendment to the Complaint, adding our subsidiary BioZone Laboratories, Inc. a California corporation, as Doe Defendant No. 9. The Company filed an Answer to the First Amended Complaint on October 13, 2015. No discovery has taken place yet.

In October 2015, Cocrystal Pharma, Inc. received a subpoena from the staff of the Securities and Exchange Commission seeking the production of documents. The Company is fully cooperating with the inquiry. The Company cannot predict or determine whether any proceeding may be instituted in connection with the subpoena or the outcome of any proceeding that may be instituted.

On December 23, 2015, the Company issued notice of default letters to 580 Garcia Properties, Daniel Fisher and Sharon Fisher for failure to remit certain payments on a promissory note executed between the parties in June 2014. The Company also exercised a failure to pay provision within that note to escalate the interest rate from 7.24% to 11.24%. On September 27, 2016, The Notice of Default and Election to Sell under Deed of Trust was formally filed and recorded in Contra Costa County California. As of September 8, 2016, the additional amounts due the Company total approximately $206,000. Due to the contingent nature of this default action, Cocrystal Pharma, Inc. has not recorded a receivable for this amount in its financial statements.

ITEM 1.A RISK FACTORS

You should consider carefully the following risk factors, together with all of the other information included or incorporated in our Annual Report for the year ended December 31, 2015. Each of these risk factors, either alone or taken together, could adversely affect our business, operating results and financial condition, and adversely affect the value of an investment in our common stock. There may be additional risks that we do not know of or that we believe are immaterial that could also impair our business and financial position.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors before deciding whether to invest in the Company. There have been no material changes to our risk factors since our Annual Report on Form 10-K for the year ended December 31, 2015, except for the following:

RISKS RELATED TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

If we do not raise additional debt or equity capital, we may not be able to remain operational.

Based on cash on hand as of September 30, 2016 of $5.9 million which includes third quarter 2016 financing received of $4.0 million, Cocrystal does not have the capital to finance operations for the next 12 months. This raises substantial doubt about our ability to continue operations over the next twelve months and be a going concern.

We have devoted the majority of our financial resources to research and development. We have financed our operations primarily through the sale of equity securities. The results of our operations will depend, in part, on the rate of future expenditures and our ability to obtain funding through equity or debt financings, strategic alliances or grants. We anticipate our expenses will increase substantially if and as we continue our research, preclinical and clinical development of our product candidates. We anticipate that if we undertake additional clinical studies our expenses will increase even further.

If we must secure additional financing, such additional fundraising efforts may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize product candidates. We cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we cannot raise additional capital when required or on acceptable terms, we may be required to:

- significantly delay, scale back or discontinue the development or commercialization of any product candidates;
- seek strategic alliances for research and development programs at an earlier stage than otherwise would be desirable or on terms less favorable than might otherwise be available; or
- relinquish or license on unfavorable terms, our rights to technologies or any product candidates we otherwise would seek to develop or commercialize ourselves.

If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results and prospects or sufficient enough to render the Company unable to continue operations at all.

RISKS RELATED TO OUR BUSINESS OPERATIONS AND INDUSTRY

If we lose key management or scientific personnel, cannot recruit qualified employees, directors, officers, or other personnel or experience increases in our compensation costs, our business may materially suffer.

We depend on principal members of our executive and research teams, the loss of whose services may adversely impact the achievement of our objectives. During July 2016, our Chief Executive Officer, Jeffrey Meckler and our Chief Medical Officer, Dr. Douglas Mayers resigned. As of the filing date of this report, neither of these key positions have been filled. Our former CEO and current board member, Gary Wilcox is acting as Interim Chief Executive Officer. We may not be able to attract and retain key personnel on acceptable terms considering the competition among numerous pharmaceutical companies for individuals with similar skill sets. Because of this competition, our compensation costs may increase significantly. If we lose additional key employees, our business may suffer. Our future success will also depend, in part, on the continued service of our key scientific and management personnel and our ability to identify, hire, and retain additional personnel.

RISKS RELATED TO RELIANCE ON THIRD PARTIES

If we form strategic alliances which are unsuccessful or are terminated, we may be unable to develop or commercialize certain product candidates and we may be unable to generate revenues from our development programs.

Cocrystal Pharma has relied on chemistry resources at Emory University to perform certain studies and tests on our HCV nucleoside candidates. Cocrystal also performs certain studies and tests for Emory University. Neither Cocrystal Pharma nor Emory University have quantified the value of these services at this time and neither have been billed for these services.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

If we cannot obtain or protect intellectual property rights related to our future products and product candidates, we may not be able to compete effectively in our markets.

Cocrystal Pharma may seek intellectual property protection on its compounds, processes and methods through the use of patents. The issuance, viability and successful maintenance or prosecution of patents are subject to many factors and interpretations of law that may adversely affect the ultimate availability of patent protection and could have an adverse effect on valuation of any of Cocrystal's assets or ability to realize value on such assets.

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

On March 9, 2016, we accepted subscription agreements representing investor commitments totaling $5,004,371 in a private placement offering of 9,812,492 shares of our common stock at a purchase price of $0.51 per share. The purchasers included seven members of our board of directors including Dr. Raymond F. Schinazi and Dr. Phil Frost. As of the date of this report, we have received all of the committed funds.

On September 1, 2016, we closed on proceeds of $4,008,201 in a private placement offering of 9,776,100 shares of our common stock at a purchase price of $0.41 per share. The purchasers included three members of our board of directors, including Chairman Dr. Raymond F. Schinazi, Interim Chief Executive Officer Dr. Gary Wilcox, and Dr. David Block. In addition, OPKO Health, Inc., of which one of our director's Dr. Phillip Frost is Chairman and Chief Executive Officer, invested in the offering.

We intend to use the net proceeds of these offerings for working capital and general corporate purposes.

All of the securities were issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933 (the “Act”) and Rule 506 promulgated thereunder. These securities may not be offered or sold in the United States in the absence of an effective registration statement or exemption from the registration requirements under the Act. The investors are accredited investors and there was no general solicitation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER

None

ITEM 6. EXHIBITS

The exhibits listed in the accompanying “Index to Exhibits” are filed or incorporated by reference as part of this Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cocrystal Pharma, Inc.

Dated: November 9, 2016

By: /s/Gary Wilcox
Gary Wilcox
Interim Chief Executive Officer
(Principal Executive Officer)

Dated: November 9, 2016

By: /s/Curtis Dale
Interim Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
10.1	Form of Securities Purchase Agreement	8-K	9/2/2016	10.1	Filed
31.1	Certification of Principal Executive Officer (302)				Filed
31.2	Certification of Principal Financial Officer (302)				Filed
32.1	Certification of Principal Executive Officer and Principal Financial Officer (906)				Furnished**
101.INS	XBRL Instance Document				Filed
101.SCH	XBRL Taxonomy Extension Schema Document				Filed
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				Filed
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				Filed
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				Filed

** This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to our Corporate Secretary at Cocrystal Pharma, Inc., 1860 Montreal Road, Tucker GA 30084.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Gary Wilcox, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cocrystal Pharma, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: November 9, 2016

/s/ Gary Wilcox
Gary Wilcox
Interim Chief Executive Officer
(Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Curtis Dale, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cocrystal Pharma, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

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

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

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

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

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

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

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

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

Date: November 9, 2016

/s/ Curtis Dale
Curtis Dale
Interim Chief Financial Officer
Principal Financial Officer)

Exhibit 32.1

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

In connection with the quarterly report of Cocrystal Pharma, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof, I, Gary Wilcox, certify, pursuant to 18 U.S.C. Sec.1350, as adopted pursuant to Sec.906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

/s/ Gary Wilcox
Gary Wilcox
Interim Chief Executive Officer
(Principal Executive Officer)

Dated: November 9, 2016

In connection with the quarterly report of Cocrystal Pharma, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on the date hereof, I, Curtis Dale, certify, pursuant to 18 U.S.C. Sec.1350, as adopted pursuant to Sec.906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

/s/Curtis Dale
Curtis Dale
Interim Chief Financial Officer
(Principal Financial Officer)

Dated: November 9, 2016