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

FORM 10-K/A

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

For the fiscal year ended: **December 31, 2013**

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	**20-578559**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
19805 North Creek Parkway, Bothell, WA	**98011**
(Address of Principal Executive Office)	*(Zip Code)*

Registrant's telephone number, including area code: **(425) 398-7178**

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.01 par value

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

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

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 [X] No [ ]

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

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

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.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2013, was approximately $31 million.

The number of shares outstanding of the registrant's common stock, as of March 24, 2014, was 120,500,609.

EXPLANATORY NOTE TO 10-K/A

This Amendment No. 1 ("Amendment No. 1") amends the Annual Report on Form 10-K of Cocrystal Pharma, Inc. (the "Company") for the year ended December 31, 2013, originally filed with the Securities and Exchange Commission (the "SEC") on March 31, 2014 (the "Original Filing"). The Company is filing this Amendment No. 1 solely to correct the inadvertent omission of fully conformed signatures of the principal financial officer and directors on the signature page of the Original Filing, add the date of the CEO and CFO Certifications, amplify the consideration we received from the sale of our assets and add one change to the last risk factor in Item 7.

Except as described above, no other amendments are being made to the Original Filing. This Amendment No.1 does not reflect events occurring after the filing of the Original Filing or modify or update the disclosure contained therein in any way other than as required to reflect the amendments discussed above.

INDEX

		Page
Part I.		
Item 1.	Business.	1
Item 1A.	Risk Factors.	8
Item 1B.	Unresolved Staff Comments.	8
Item 2.	Properties.	9
Item 3.	Legal Proceedings.	9
Item 4.	Mine Safety Disclosures.	9
Part II.		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	10
Item 6.	Selected Financial Data.	11
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	11
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk.	40
Item 8.	Financial Statements and Supplementary Data.	41
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.	66
Item 9A.	Controls and Procedures.	66
Item 9B.	Other Information.	67
Part III.		
Item 10.	Directors, Executive Officers and Corporate Governance.	68
Item 11.	Executive Compensation.	72
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	74
Item 13.	Certain Relationships and Related Transactions, and Director Independence.	76
Item 14.	Principal Accounting Fees and Services.	76
Part IV.		
Item 15.	Exhibits, Financial Statement Schedules.	77
SIGNATURES		78

PART I

Forward-Looking Statements

Except for the historical information contained herein or incorporated by reference, this Annual Report and the information incorporated by reference contains forward-looking statements that involve risks and uncertainties. These statements include projections about our accounting and finances, plans and objectives for the future, future operating and economic performance and other statements regarding future performance. These statements are not guarantees of future performance or events. Our actual results may differ materially from those discussed here. Factors that could cause or contribute to differences in our actual results include those discussed in the following section, and those discussed in Part II, Item 7 entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" including the Risk Factors.

Item 1. Business

Overview

On March 18, 2014, we reincorporated in Delaware under the name Cocrystal Pharma, Inc. ("Cocrystal"). We were previously incorporated in Nevada under the name Biozone Pharmaceuticals, Inc. Our only operating subsidiary is Cocrystal Discovery, Inc. ("Cocrystal Discovery"), which we merged with on January 2, 2014. Immediately prior to the Cocrystal Discovery merger, on January 2, 2014, we completed the sale of substantially all of our operating assets to a subsidiary of MusclePharm Corporation ("MusclePharm"). For a description of the assets we retained immediately upon completion of the MusclePharm asset sale, see Page 8. This transaction was accounted for as a reverse merger between Biozone Pharmaceuticals, Inc. and Cocrystal Discovery, Inc..

Our primary business going forward is to develop novel medicines for use in the treatment of human viral diseases. Cocrystal has been developing novel technologies and approaches to create first-in-class and best-in-class antiviral drug candidates since its initial funding in 2008. Subsequent funding was provided to Cocrystal Discovery by Teva Pharmaceuticals Industries, Ltd., or Teva, in 2011. Our focus is to pursue the development and commercialization of broad-spectrum antiviral drug candidates that will transform the treatment and prophylaxis of viral diseases in humans. By concentrating our research and development efforts on viral replication inhibitors, we plan to leverage our infrastructure and expertise in these areas.

Cocrystal Technology

We are developing inhibitors of viral replication enzymes that are essential to viral replication. To find and design these inhibitors, we use x-ray crystallography to determine the structures of cocrystals containing the inhibitors bound to the enzymes. We then use advanced computational methods to screen and design product candidates using this cocrystal structural information. In designing the candidates, we also seek to anticipate and avert potential viral mutations leading to resistance. By designing and selecting drug candidates that interrupt the viral replication process and also have specific binding characteristics, we seek to develop drugs not only effective against both the virus and possible mutants of the virus, but also with reduced off-target interactions that cause undesirable clinical side effects. While this approach is easy to describe, it is much more difficult to carry out. In particular, an extensive knowledge of viruses and their biology, especially viral replication, is required. In addition, knowledge and experience in the fields of structural biology and enzymology is required, as are advanced computational skills and substantial chemistry expertise.

We developed our proprietary structure-based drug design approach, using protein crystal production and structure determination under the guidance of Dr. Roger Kornberg, our Chief Scientist and recipient of the Nobel Prize in Chemistry in 2006. Dr. Kornberg is also a member of our Board of Directors. Dr. Kornberg's academic work has, for several decades, focused on RNA polymerases, the class of enzymes that includes all the viral replication enzymes we are pursuing. Our drug discovery process focuses on those parts of the enzymes to which drugs bind and on drug-enzyme interactions at the atomic level. Additionally, we developed targeted in-house chemical libraries that include antiviral compounds of various types, including non-nucleoside inhibitors, metal-binding inhibitors, and fragments. This drug discovery process is different from traditional, empirical, medicinal chemistry approaches that often require iterative high-throughput compound screening and lengthy hit-to-lead processes.

Cocrystal's proprietary technology integrates several powerful and specialized techniques:

(1) Selection of viral drug targets amenable to broad spectrum antiviral drug development and essential for viral genome replication;

(2) Atomic resolution 3-D structure determination of drug binding pockets;

(3) In-depth computational analysis of conservation of drug binding pockets and critical molecular interactions between antiviral inhibitors and amino acid residues of the target molecule's drug binding pocket;

(4) Cocrystal structure determinations to inform hit identification, hit-to-lead, and lead optimization processes;

(5) Molecular modeling and computer-guided lead discovery to support rational chemical modifications based on structure-activity relationships, or SAR, of candidate inhibitor compounds;

(6) Knowledge of enzymatic mechanisms to guide the design of drugs with exceptional affinity, specificity, and broad spectrum of viral targets; and

(7) Platform for rapid identification of antiviral enzyme inhibitors, showing broad spectrum antiviral capability.

We have applied these techniques to develop antiviral inhibitors for five important infectious diseases: hepatitis C, influenza, the common cold, dengue fever, and acute viral gastroenteritis. Each of these diseases is caused by a family of viruses that can rapidly mutate and, therefore, can quickly become resistant to medications that act directly on the virus itself. Examples of this are Tamiflu® (oseltamivir phosphate) and Relenza® (zanamivir), used for the treatment of influenza but whose usefulness is burdened by development of viral resistance.

Market-Driven Product Profiles

In all of our programs our goal is to develop best-in-class, oral, broad-spectrum, high-barrier-to-resistance drugs. .An ideal product for an antiviral therapy would have at least the following characteristics:

1) Good safety and tolerability profile;

2) Effective against all viral subtypes that cause disease;

3) High barrier to viral resistance; and

4) Easy to administer.

Even at the discovery stage of drug development, we select compounds with these factors in mind. Furthermore, our technology is capable of delivering therapies that satisfy all of these key factors, as detailed below.

Safety and tolerability: All drugs have side effects, also referred to as adverse effects. These usually result from a drug's ability to bind to human biological molecules (usually proteins). When this interaction is intentional (i.e., part of the drug's mechanism of action), the adverse effects are classified as on-target effects. When this interaction is unintentional (i.e., resulting from the drug's interaction with an unintended human molecule), the effects are called off-target effects.

Our compounds target viral replication enzymes. These replication enzymes are unique to viruses. Because the enzyme targets are viral, not human, minimal adverse effects are possible. During the discovery phase, we screen all candidate compounds for potential cross-reactivity with human replication enzymes and eliminate those that are cross-reactive.

Broadly effective against all viral subtypes: For any given viral disease, there are different subtypes of viruses that cause the disease. For example, there are six different subtypes of the virus known to cause hepatitis C. These subtypes are termed "genotypes"." Each hepatitis C virus genotype is common in some parts of the world and rare in others.

Most antiviral drugs available today are only effective against certain subtypes of viruses and less effective or not effective at all against other subtypes. To address this problem, we are developing drug candidates that specifically target virus proteins called replication enzymes. Despite the various subtypes of virus that may exist, these enzymes are essentially identical (highly conserved) among all subtypes of a given virus. Therefore, by targeting these conserved replication enzymes, our antiviral compounds are designed and tested to be effective against all virus subtypes. Replication enzymes are conserved among almost all viruses, creating an opportunity for the development of broad spectrum antiviral drugs.

High Barrier to Viral Resistance: Viral resistance is a major obstacle to developing effective antiviral therapies. Viruses can reproduce rapidly and in enormous quantities. During reproduction, random variations in viral molecules, called mutations, spontaneously develop. If such a mutation occurs in a viral molecule that is targeted by a given antiviral therapy, that therapy may no longer be effective against the mutated virus. These mutated or "resistant" viruses can freely infect and multiply even in individuals who have received drug treatment. In some cases, resistant virus strains may even predominate. For example, in the 2009 swine influenza pandemic, the predominant strain was resistant to the best available therapies.

Cocrystal's focus on viral replication enzymes can overcome this obstacle. We identify and target critical components of viral replication enzymes that are crucial to the function of the enzymes and sensitive to change. Any mutation in these critical enzyme components is likely to inactivate the enzyme and, in turn render the virus incapable of replicating. Because such mutations cannot easily propagate, the virus cannot effectively develop resistance to the enzyme inhibitors we employ. We test the effectiveness of our compounds against potential viral mutations and select compounds with the highest barrier to resistance.

Ease of administration: Many antiviral treatments available today are inconvenient to administer. We select compounds for development that can be administered orally, preferably once daily, in pill-form.

Therapeutic Targets

Hepatitis C: A large and increasing market with considerable unmet medical need.

Hepatitis C is a viral infection of the liver that affects approximately 170 million people worldwide, including 4 million in the United States. Most patients develop chronic infections, which can lead to fibrosis (scarring), cirrhosis, liver failure, and liver cancer. The worldwide market for hepatitis C antiviral drugs was $6 billion dollars in 2001 and is expected to grow to $15 billion dollars by 2015 (Renub Research 2012).

Experts agree that the future of the hepatitis C market belongs to direct-acting antiviral drugs (DAAs) that have pan-genotypic activity (are effective against all or multiple hepatitis C virus (HCV) genotypes); have a high barrier to resistance; and are effective in the absence of peginterferon alpha and ribavirin, two drugs that have been the standard of care for hepatitis C, but that are poorly tolerated.

Hepatitis C is a highly competitive and changing market. Currently, the standard treatment varies with the genotype of the hepatitis C virus infection. In general, treatment includes peginterferon alpha and ribavirin, along with a protease inhibitor (either telaprevir, boceprevir, or simeprevir). In late 2013, sofosbuvir, a drug belonging to a new class of drugs called "nucleotide analogs" or "Nucs," was approved to treat hepatitis C. In patients infected with HCV genotype 1 (the most common HCV genotype in the US), sofosbuvir is administered in combination with peginterferon alpha and ribavirin. In patients with HCV genotypes 2 and 3, however, sofosbuvir may be effectively administered in combination with ribavirin, without the need for peginterfon alpha. Many other compounds are currently in development by companies such as Abbvie, Achillion, Bristol-Myers Squibb, Gilead, and Merck. Most of these drug candidates are either HCV NS3 protease inhibitors, inhibitors of the NS5A protein of HCV, or NS5B nucleotide analogs.

We are pursuing drug candidates that target two distinct HCV replication enzymes. First, we are developing compounds that are potent inhibitors of the HCV RNA-dependent RNA polymerase, also known as NS5B polymerase, a replication enzyme that is essential to viral replication and is highly conserved across all HCV genotypes. These drug candidates are designed to provide benefits that surpass those of current therapies, including activity against multiple genotypes and naturally occurring drug-resistant mutants. We have a preclinical pipeline of two distinct series of non-nucleoside inhibitor (NNI) compounds in development that target the NS5B polymerase, which represent the potential for significant commercial opportunities. Multiple development candidates in our pipeline show excellent pan-genotypic activity—against all seven major HCV genotypes—and exhibit favorable pharmacological properties.

We are also developing compounds that inhibit HCV helicase, also known as NS3 helicase, another enzyme that is essential for hepatitis C viral replication. These inhibitors specifically inhibit an essential step of HCV replication prior to the synthesis of new RNA strands by NS5B polymerase. We believe that no other company is currently developing hepatitis C treatments that target this enzyme. Therefore, our HCV helicase inhibitor will be the first in a new class of treatments for hepatitis C.

Our compounds that target HCV NS5B polymerase and NS3 helicase could be developed as a combination treatment. Such a combination treatment might have higher antiviral activity or a higher barrier to viral resistance than either treatment alone. We hypothesize that the coupled mechanisms of NS5B polymerase and NS3 helicase inhibitors would show a superior efficacy in HCV-infected patients. We also plan to explore combination therapy approaches with other DAAs, including NS3 protease inhibitors, NS5A inhibitors, and NS5B Nucs. These strategies could allow us to expand and broaden our clinical successes in HCV antiviral therapeutic area, and could also lead to high and fast cure rate, and to a better suppression of the emergence of drug resistance.

Regulatory filings (e.g. US Investigational New Drug application) to initiate clinical studies for hepatitis C are planned for December 2014.

Influenza: A worldwide public health problem, including the potential for pandemic disease.

Influenza is a severe respiratory illness caused by either the influenza A or B virus that results in yearly outbreaks of disease during the winter months. The Centers for Disease Control estimates that influenza is linked to 49,000 deaths and 200,000 hospitalizations each year in the United States. The worldwide market for antiviral drugs to treat influenza was $4.3 billion dollars in 2009 and is expected to grow to $10 billion dollars by 2015.

Currently, approved antiviral treatments for influenza are effective, but burdened with significant viral resistance. Strains of flu virus that are resistant to the approved treatments osteltamivir phosphate (Tamiflu®) and zanamavir (Relenza®) have appeared, and in some cases predominate. For example, the predominant strain of the 2009 swine influenza pandemic was resistant to Tamiflu. These drugs target viral neuraminadase enzymes, which are not highly conserved between viral strains. In fact, different influenza virus strains such as H1N1 and H5N1 are named according to their respective differences in hemagglutinin (H) and neuraminidase (N). The ability of the influenza virus to produce viable variants of these two proteins is the key to its ability to develop resistance to these drugs.

We are developing drug candidates that are specifically designed to be effective against all strains of the influenza virus and to have a high barrier to resistance. Our drug candidates target an enzyme essential to viral replication, and should be effective against all forms of influenza, including avian influenza, an emerging public health concern in Asia. Our compounds target the endonuclease enzyme of the influenza virus, an enzyme that is a part of the influenza virus replication complex, and is very highly conserved among all known viral strains. The influenza replication complex consists of three different proteins, PA, PB1, and PB2. We have developed X-ray quality influenza PA crystals, and have explored the active site of this enzyme and additional drug binding sites using high-resolution cocrystal structures. Our structures show our endonuclease inhibitors bound, in some cases irreversibly, to the highly conserved active site. These compounds inhibit the activity of the enzyme, and we believe they will be active against all strains of the influenza virus. The high degree of conservation of influenza endonuclease suggests that the virus is not likely to develop a viable resistant variant. In addition, by blocking viral replication, our compounds prevent the virus from generating new and potentially resistant variants.

A small number of antiviral product candidates that may be competitors for Cocrystal's influenza program are in early stage development. One Nuc called favipiravir (Fujifilm Pharmaceuticals) is under development as an influenza treatment. It is currently in Phase 3 clinical studies.

Selection of a lead compound for clinical development is planned to occur by early 2015. Regulatory filings (e.g. US Investigational New Drug application) to initiate clinical studies for influenza is planned for December 2015.

Rhinovirus (HRV): Responsible for the common cold and can be a serious, life-threatening complication in patients with chronic obstructive pulmonary disease or asthma.

Human rhinovirus (HRV) is responsible for the common cold. HRV is the most commonly isolated virus from patients with mild upper respiratory tract illness. There are approximately 1 billion cases of the common cold annually in the US, and nearly 22 million school-loss days annually associated with the common cold. Also, HRV is a major cause of hospitalization for patients with underlying respiratory conditions such as chronic obstructive pulmonary disease (COPD), asthma, and cystic fibrosis.

The market opportunity for prescribed therapies in rhinovirus is the lack of an effective antiviral treatment for use in patients with underlying conditions such as COPD, asthma or cystic fibrosis. It is estimated that over 25% of all chronic obstructive pulmonary disease (COPD) and asthma exacerbations in the United States are due to respiratory infections with rhinovirus, costing more than $8.5 billion annually in emergency room visits, office visits and hospitalizations. To date no HRV antivirals of any kind have been approved. By developing a well-tolerated, orally available treatment Cocrystal aims to market the first effective antiviral treatment in this market. Very few companies are actively developing treatments for rhinovirus. The most notable potential competitors include CNTO3157 (Janssen Pharmaceuticals) and BTA798 (Biota Pharmaceuticals), both of which are currently in early phase clinical studies.

Due to the large number of types of rhinovirus, no vaccine or treatment is currently available, although there are some antiviral therapies in development. Cocrystal is developing compounds that are specifically designed to be effective against all rhinovirus serotypes and to have a high barrier to resistance. Our compounds target the RNA-dependent RNA polymerase (RdRp) of HRV, a replication enzyme that is highly conserved across all rhinovirus serotypes. Using high quality HRV polymerase crystals, we have initiated fragment-based screening and development of structure-based inhibitors. We have also designed a novel linker chemistry strategy for the discovery of inhibitors bound to the highly conserved sites of HRV polymerase. This approach enables us to develop highly potent and pan viral anti-HRV inhibitors, designed for activity against all known rhinovirus variants.

Selection of a lead compound for clinical development is planned to occur by the end of 2015. Regulatory filings (e.g. US Investigational New Drug application) to initiate clinical studies for HRV are planned for December 2016.

Dengue Fever: An emerging worldwide public health problem that can cause serious illness and death.

Dengue hemorrhagic fever, also known as "breakbone fever" is a serious emerging public health threat worldwide. Currently, there is no antiviral drug or vaccine available for Dengue, which is transmitted by a species of mosquito.

Approximately 2.5-3.5 billion of the world's population are at risk of contracting the dengue virus. Estimates of the number of new infections range from 50 to 230 million annually, and the annual global dengue burden was estimated to be $1.7 billion. Two to six percent of clinical cases develop dengue hemorrhagic fever or dengue shock syndrome, resulting in approximately 12,500 deaths each year around the world.

The symptoms of dengue fever are typically high fever, severe headache and severe pain in the eyes, muscle and bone. There is a direct correlation between high viral load and the development of the more severe, life-threatening form of the disease. Rapid diagnostic tests to identify the disease are available. Therefore, an effective treatment administered upon diagnosis could prevent the onset of severe symptoms. Despite the emerging threat of dengue fever virus, only one treatment (Celgosivir by Duke University) is currently in clinical development. However, many companies are actively developing vaccines for Dengue virus including Merck, GlaxoSmithKline, Inviragen and Genprobe.

Cocrystal is developing inhibitors of the replication enzyme of dengue fever virus, an RNA-dependent RNA polymerase. This enzyme is highly conserved across all dengue virus serotypes and is essential to viral replication. Therefore, we believe that an inhibitor of this enzyme is likely to forestall disease progression and to be effective against all four Dengue virus serotypes. We have developed dengue virus polymerase crystals for fragment-based screening and cocrystallization campaign. We are currently engaged in screening Cocrystal's proprietary compound libraries.

Norovirus: A worldwide public health problem responsible for close to 90% of epidemic, non-bacterial outbreaks of gastroenteritis around the world.

Norovirus is a very common and highly contagious virus that causes symptoms of acute gastroenteritis including nausea, vomiting, stomach pain and diarrhea. Other symptoms include fatigue, fever and dehydration. Noroviruses are a major cause of gastrointestinal illness in closed and crowded environments, having become notorious for its common occurrence in hospitals, nursing homes, child care facilities, and cruise ships. In the United States alone, noroviruses are the most common cause of acute gastroenteritis, and are estimated to cause 21 million illnesses each year and contribute to 70,000 hospitalizations and 800 deaths. Noroviruses are responsible for up to 1.1 million hospitalizations and 218,000 deaths annually in children in the developing world. In the US, approximately 20 million people are infected each year resulting in up to 70,000 hospitalizations and 1,000 deaths. There is currently neither an effective treatment nor an effective vaccine for norovirus, and the ability to curtail outbreaks is limited. Few, if any companies are developing antiviral treatments for the disease. However, three candidate vaccines are currently in early stages of clinical testing by GlaxoSmithKline, Ligocyte and Takeda Pharmaceuticals.

By targeting viral replication enzymes, we believe it is possible to develop an effective treatment for all types of norovirus. Also, because of the significant unmet medical need and the severity of norovirus infection, new antiviral therapeutic approaches may warrant an accelerated path to market. Our norovirus program is at early discovery stage. Cocrystal is developing inhibitors of the RNA-dependent RNA polymerase of norovirus. Similar to the dengue virus, human rhinovirus, and hepatitis C virus polymerases, this enzyme is essential to viral replication and is highly conserved between all noroviral subtypes. Therefore, an inhibitor of this enzyme might be an effective treatment or short-term preventative agent (when administered during a cruise or hospital stay, for example). We have developed X-ray quality norovirus polymerase crystals. We are implementing the platform and approaches that have proved successful in our other antiviral programs. Our norovirus program is focused on developing novel product candidates that can offer a new and more effective therapy.

Over the last two fiscal years, Cocrystal Discovery has spent approximately $8.5 million on research and development activities.

Intellectual Property

Our success depends, in part, upon our ability to protect our core technology. To establish and protect our proprietary rights, we rely on a combination of patents, patent applications, trademarks, copyrights, trade secrets and know-how, license agreements, confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements, and other contractual rights.

As of December 31, 2013 our patent portfolio consisted of one pending United States patent application, with counterpart applications pending in the European Patent Office and the Intellectual Property Office of the Republic of China (Taiwan), and one international patent application filed under the Patent Cooperation Treaty (PCT) of the World Intellectual Property Organization (WIPO). All of these applications relate to our NS5B inhibitors program.

The term of individual patents depends upon the countries in which they are granted. In most countries, the patent term is 20 years from the earliest claimed filing date. In the United States, a patent's term may be up to 21 years if the earliest claimed filing date is that of a provisional application. Other legal provisions may, however, shorten or lengthen a patent's term. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office in examining and granting a patent. Alternatively, a patent's term may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date. The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the length of time the drug is under regulatory review. Similar patent term extensions are available in some other countries (where they may be termed supplementary protection certificates or SPCs).

Collaborations

In 2011, Cocrystal Discovery entered into collaborative research, option to license and stock purchase agreements with Teva Pharmaceutical Industries, Ltd., or Teva, under which Teva bought stock in Cocrystal Discovery, had a right to buy additional stock in Cocrystal Discovery to provide funding for ongoing research and received an option to take an exclusive license to any product candidate developed.

Under the research program, Cocrystal Discovery has been developing product candidates that target the HCV polymerase for the treatment of hepatitis C. Teva continues to have an option to provide additional research funding for HCV polymerase in exchange for Cocrystal Discovery stock, and an option to receive an exclusive license to a HCV polymerase product candidate, including related intellectual property rights. If Teva does not provide the additional funding, all rights will revert to Cocrystal Discovery.

Competition

The biotechnology and pharmaceutical industries are subject to intense and rapidly changing competition as companies seek to develop new technologies and proprietary products. We know of several companies that have marketed or are developing products for the treatment of hepatitis C, including Gilead Sciences, Inc., Vertex Pharmaceuticals, Merck, Janssen, Achillion, Bristol-Myers Squibb and Abbvie. These and other companies developing products for the other viral diseases that are of interest to us have substantially greater financial resources, expertise and capabilities than we do.

Government Regulation

Government authorities extensively regulate the research, development, testing, manufacturing and commercialization of drug products. Any product candidates we develop must be approved by the FDA before they may be legally marketed in the U.S., and by the appropriate foreign regulatory agencies before they may be legally marketed in other countries. The clinical testing of product candidates to establish their safety and efficacy in humans is subject to substantial statutory and regulatory requirements with which we must comply.

Research and Development Expenses

Manufacturing

Since we do not have a product candidate in clinical testing yet, we do not own or operate, and have no plans to establish, any manufacturing facilities. For clinical testing, we may contract with other companies to provide manufacturing services for the product candidate.

Employees

We employ 14 full-time employees. Of these full-time employees, 13 are engaged in research and development activities.

Corporate and Legacy Business

Our Legacy Business

Prior to the merger with Cocrystal Discovery on January 2, 2014, we were primarily engaged in the business of developing and manufacturing over-the-counter drug products (OTC) and cosmetic and beauty products for third parties. In addition, Cocrystal marketed two lines of proprietary skin care products. All of these assets were sold to MusclePharm as part of the January 2, 2014 Asset Purchase Agreement in exchange for 1,200,000 shares of MusclePharm common stock which had a market value as of January 2, 2014 of $9,840,000. In addition, MusclePharm licensed back to us the patents we sold it for six months in exchange for our paying it a 5% royalty on gross sales. We did not sell minority interests in three companies, one of which is publicly traded. In addition, we did not sell to MusclePharm a license which the publicly traded company had previously issued to us.

We also owned a 45% interest in BetaZone Laboratories, LLC ("BetaZone"), which was engaged in the sale and license of pharmaceutical and cosmetic products in Latin America. We received no material royalties from BetaZone, which had licensed our proprietary technology. This technology was also sold to MusclePharm.

We were incorporated as a Nevada corporation on December 4, 2006, and in March, 2014, we re-incorporated in Delaware. At the time of our incorporation in 2006, our corporate name was International Surf Resorts Inc. We changed our name to Biozone Pharmaceuticals, Inc. on March 1, 2011. We acquired Biozone Labs and our other subsidiaries on June 30, 2011. Prior to that time, we were an Internet-based provider of international surf resorts, camps and guided surf tours.

Item 1A. Risk Factors.

Not applicable to smaller reporting companies.

Item 1B. Unresolved Staff Comments

Not Applicable

Item 2. Properties

We are operating facilities in Bothell, WA and Mt. View, CA. In addition, we are responsible for a lease of laboratory space in Princeton, NJ.

In January 2014, Cocrystal Discovery renewed its lease for approximately 9,400 square feet of office and laboratory space in Bothell, Washington. The lease expires on February 1, 2017 and provides for annual rents of approximately $139,000.

In December 2013, Cocrystal Discovery amended its lease for 2,060 square feet of laboratory space in Mountain View, California. The lease was extended for six months, through June 30, 2014. Rent expense is $8,815 per month.

In July 2011, we entered into a lease for approximately 3,869 square feet of laboratory space in Princeton, New Jersey to conduct research and development activities related to our legacy business. The lease expires on July 20, 2016. Rent expense is $8,065 per month. We sublet this space on a month-to-month basis at the same rental expense.

We believe that our facilities are sufficient to meet our current needs and that suitable additional space will be available if needed for future work.

Item 3. Legal Proceedings

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been quoted on the OTC Bulletin Board under the symbol "BZNE" since March 7, 2011. We have applied to change our trading symbol following our change of name. The following table sets forth the high and low prices as reported on the OTC Bulletin Board for the prior two fiscal years. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. As of February 24, 2014, there were approximately 240 holders of record of our common stock.

	High	Low
Fiscal year ended December 31, 2012		
January 1, 2012 through March 31, 2012	$ 3.69	$ 1.60
April 1, 2012 through June 30, 2012	$ 4.00	$ 1.04
July 1, 2012 through September 30, 2012	$ 4.00	$ 0.51
October 1, 2012 through December 31, 2012	$ 3.46	$ 0.51
Fiscal year ended December 31, 2013		
January 1, 2013 through March 31, 2013	$ 3.75	$ 1.01
April 1, 2013 through June 30, 2013	$ 1.05	$ 0.21
July 1, 2013 through September 30, 2013	$ 0.85	$ 0.16
October 1, 2013 through December 31, 2013	$ 0.97	$ 0.23

The last reported sales price of our Common stock on the OTC Bulletin Board on March 24, 2014 was $0.58 per share.

Dividend Policy

We have not declared nor paid any cash dividend on our Common stock, and we currently intend to retain future earnings, if any, to finance the expansion of our business, and we do not expect to pay any cash dividends in the foreseeable future. The decision whether to pay cash dividends on our Common stock will be made by our board of directors, in their discretion, and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors considers significant.

Securities Authorized for Issuance under Equity Compensation Plans

In connection with our merger with Cocrystal, we assumed the Cocrystal Discovery, Inc, 2007 Equity Incentive Plan, as amended (the "Plan"). See Item 11, "Executive Compensation" for information concerning the Plan.

Recent Sales of Unregistered Securities

In addition to those unregistered securities previously disclosed in reports filed with the Securities and Exchange Commission, we have issued common stock without registration under the Securities Act of 1933 (the "Securities Act") as described below. Unless state otherwise, all securities reported below are shares of common stock.

Name or Class of Investor	Date Issued	Number of Shares	Reason for Issuance
Employee (1)	January 2, 2014	69,918	Compensation
Note Holders (2)	January 15, 2014	1,898,012 to five note holders	Conversion of note

(1) Exempt under Section 4(a)(2) of the Securities Act on the grounds that the employee was an executive officer of Cocrystal and acquired the shares for investment.
(2) Exempt under Section 3(a)(9) of the Securities Act.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements included elsewhere in this report and the information described under the caption Risk Factors and at the conclusion of this Item 7.

Company Overview

Effective January 2, 2014, BioZone Pharmaceuticals, Inc., Biozone Acquisitions Co., Inc., a wholly-owned subsidiary of BioZone (the "Merger Sub"), and Cocrystal Discovery, Inc. entered into and closed an Agreement and Plan of Merger. Pursuant to the Merger Agreement, Merger Sub merged with and into Cocrystal Discovery, with Cocrystal Discovery continuing as the surviving corporation and a wholly-owned subsidiary of Cocrystal.

In connection with the Merger Agreement, Cocrystal issued to Cocrystal Discovery security holders 1,000,000 shares of Cocrystal's Series B Convertible Preferred Stock. The Series B shares: (i) automatically convert into shares of Cocrystal's common stock at a rate of 205.08308640 shares for each share of Series B at such time that Cocrystal has sufficient authorized capital, (ii) are entitled to vote on all matters submitted to shareholders of Cocrystal and vote on an as converted basis and (iii) have a nominal liquidation preference. Additionally, Cocrystal assumed all of the outstanding stock options under the Cocrystal Discovery 2007 Equity Incentive Plan. A total of 4,402,899 options were assumed and 4,227,618 are presently outstanding.

The Merger is being treated as a reverse merger and recapitalization effected by a share exchange for financial accounting and reporting purposes, since substantially all of BioZone's operating assets were disposed of in exchange for 1,200,000 shares of MusclePharm common stock immediately prior to the consummation of the Merger as reported on a Form 8-K filed by BioZone on January 8, 2014. Cocrystal Discovery is treated as the accounting acquirer as its shareholders control Cocrystal after the Merger, even though Cocrystal is the legal parent. As a result, the assets and liabilities and the historical operations that will be reflected in Cocrystal's future financial statements with the Securities and Exchange Commission will be those of Cocrystal Discovery as if Cocrystal Discovery had always been the reporting company and, on the Merger date, changed its name and reorganized its capital stock.

Plan of Operation

The financial statements contained in this Report are those of Cocrystal's legacy business as of December 31, 2013 and 2012. Accordingly, we do not discuss the results of operation or the cash flows since they are not material to Cocrystal, its future operations, cash flow or financial condition.

Recent Successes

Cocrystal Discovery has developed novel pan-genotypic lead molecules targeting HCV NS5B polymerase and NS3 helicase using our proprietary Cocrystal technology.

NS5B Polymerase – The majority of NNI molecules in clinical development, such as those advanced by AbbVie, Gilead, Bristol Myers Squibb, and Vertex, have shown a low barrier to resistance and narrow genotype coverage (i.e., may be suitable for treating only genotype 1 patients). We believe that our HCV lead molecules could be the best-in-class NNI in terms of genotype coverage and drug resistance. Also, we have demonstrated that our NS5B NNI inhibitors block an initiation step of HCV replication. This mechanism of action is unique compared to other NS5B inhibitors, such as Gilead's sofosbuvir, approved by FDA in December 2013, which acts as a chain terminator. We believe that the mechanism of our NS5B NNI molecules could demonstrate superior efficacy and be ideal combination therapy candidates with other HCV Direct Acting Antiviral (DAA) agents.

NS3 Helicase – We are also applying our drug discovery approach in our program targeting another HCV replication enzyme, NS3 helicase. Our pan-genotypic NS3 helicase lead compound is a first-in-class molecule, and we believe that drugs targeting this enzyme have the potential to define a novel treatment paradigm for HCV patients.

Growth Strategy

Our strategy is to develop and commercialize novel broad spectrum antiviral agents by executing creative partnership and development strategies that will allow these products to come into the market faster and be utilized by the widest patient populations.

Focused discovery research – We will continue focusing on identifying novel drug targets and developing our proprietary drug discovery technologies. Most established pharmaceutical companies use high-throughput screening for identifying good hits, and then carry out chemistry-driven lead discovery and optimization. This approach often requires a lengthy development timeline and considerable resources. As demonstrated in our HCV programs, our technology enables us to identify and evaluate the most attractive enzyme drug-binding pockets suitable for broad spectrum or pan-genotypic inhibitor development. Upon completion of structural analysis, we execute *structure-guided* chemistry. We believe our approach combined with the focus on viral replication enzyme targets will accelerate our pipeline. .

Potential for combination therapies – We believe that combining two or more antiviral agents, particularly directed against different HCV targets, could lead to more potent inhibition of viral replication and to better suppression of the emergence of drug resistance compared to the use of single agents. We plan to explore combination therapy approaches with other HCV DAAs, including NS3 protease inhibitors, NS5A inhibitors, and NS5B Nucs.

Cultivating strong partnerships – We will develop relationships with large multinational pharmaceutical companies to promote clinical development. This approach will enable us to focus our efforts on the discovery and early development of select compounds, while our collaborations with larger companies would fund the costly clinical trials and enable preparation for commercialization.

Critical Accounting Policies and Estimates

The following policies and estimates apply to the legacy Biozone Pharmaceuticals business and to the audit report attached.

Basis of Consolidation

The consolidated financial statements include the accounts of BioZone Pharmaceuticals, Inc. and its subsidiaries, all of which are wholly owned, its equity investment in BetaZone Laboratories, LLC, and 580 Garcia Ave, LLC, a Variable Interest Entity ("VIE").

The Company considered the terms of its interest in 580 Garcia and determined that it was a variable interest entity (VIE) in accordance with ACS 810-10-55, and that it should be consolidated with the Company. The Company rents the manufacturing facility located at 580 Garcia Avenue, Pittsburg CA from 580 Garcia, is the sole tenant and is a guarantor of the mortgage note issued by 580 Garcia to GECC, the lien holder on the property.

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles ("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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include the collectability of accounts receivable and deferred taxes and related valuation allowances. Certain of our estimates, including evaluating the collectability of accounts receivable, could be affected by external conditions, including those unique to our industry, and general economic conditions. It is possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

Revenue Recognition

We follow the guidance of the Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 104 for revenue recognition and Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition". The Company operates as a contract manufacturer and produces finished goods according to customer specifications. The agreements with customers do not contain any rights of return other than for goods that fail to meet the specifications provided by the customer. The Company has not experienced any significant returns from customers and accordingly, in management's opinion, no reserve for returns is provided. We record revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the selling price to the customer is fixed or determinable and collectability of the revenue is reasonably assured.

Inventories

Inventories are stated at the lower of cost, determined using the weighted average cost method, and net realizable value. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs to complete and dispose of the product.

If the Company identifies excess, obsolete or unsalable items, its inventories are written down to their realizable value in the period in which the impairment is first identified. During the year ended December 31, 2012 we recorded a charge to cost of sales of $405,918 while in the prior year period we charged $1,439,616 relating to the write-down of inventory due to obsolescence. Shipping and handling costs incurred for inventory purchases and product shipments are recorded in cost of sales in the Company's consolidated statements of operations.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

We classify as equity any contracts that require physical settlement or net-share settlement or provide us a choice of net-cash settlement or settlement in our own shares (physical settlement or net-share settlement) provided that such contracts are indexed to our own stock as defined in ASC 815-40 ("Contracts in Entity's Own Equity"). We classify as assets or liabilities any contracts that require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside our control) or give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). We assess classification of our common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

Our derivative instruments consisting of warrants to purchase our common stock were valued using the Black-Scholes option pricing model, using the following assumptions at December 31, 2013:

Estimated dividends:	None
Expected volatility:	184%
Risk-free interest rate:	0.83%
Expected term:	3.25 – 10 years

Liquidity

With the sale of its interests in BioZone Laboratories, Inc., we presently do not have any regularly recurring revenue.

Cocrystal believes that its cash and cash equivalents of $2.9 million as of March 20, 2014, and the assets acquired in a merger in early 2014, including common stock of a publicly traded company, will be sufficient to allow Cocrystal to fund its current operating plan for at least the next 12 months. A portion of the MusclePharm common stock (600,000 shares) is being held in escrow to satisfy any breaches of representations under the Asset Purchase Agreement. As Cocrystal 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 Cocrystal's cost structure. Cocrystal may never achieve profitability, and unless and until it does, Cocrystal will continue to need to raise additional capital. Over the next 12 months ending March 31, 2015, we estimate negative cash flow of approximately $7 million. Management intends to fund future operations through additional private or public debt or equity offerings, and may seek additional capital through arrangements with strategic partners or from other sources. In addition we may, if appropriate or necessary sell investment stock currently held. There can be no assurances, however, that additional funding will be available on terms acceptable to Cocrystal, or at all.

Related Party Transactions

Not applicable.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Cautionary Note Regarding Forward Looking Statements

This report includes forward-looking statements including statements regarding our future business development, regulatory compliance, generation of revenues, our liquidity, expectations from proposed capital raises, and the issues relating to the potential claims relating to our former Pittsburg, California lease and the related bank loan guarantee.

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, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements are contained in the Risk Factors that follow. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise. For more information regarding some of the ongoing risks and uncertainties of our business, see the Risk Factors and our other filings with the SEC

Risk Factors

You should consider carefully the following risk factors, together with all of the other information included or incorporated in this Annual Report. 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.

RISKS RELATED TO THE DISCOVERY AND DEVELOPMENT OF PRODUCT CANDIDATES

Because the approach we are taking to discover and develop drugs is novel, it may never lead to marketable products.

We are concentrating our antiviral therapeutic product research and development efforts using Cocrystal's proprietary technology, and our future success depends on the continued successful development of this technology and the products derived from it. We have no products or product candidates. The scientific discoveries that form the basis for our efforts to discover and develop product candidates are relatively new. The scientific evidence to support the feasibility of developing product candidates based on our approach is limited. If we do not successfully develop and commercialize product candidates based upon our technological approach, we may not become profitable and the value of our stock may decline.

Further, our focus on Cocrystal's technology for developing drugs, as opposed to relying entirely on more standard technologies for drug development, increases the risks associated with the ownership of our stock. If we are unsuccessful in developing any product candidates using Cocrystal's technology, we may be required to change the scope and direction of our product development activities. We may not identify and implement successfully an alternative product development strategy.

We may not succeed in our efforts to identify or discover potential product candidates.

The success of our business depends primarily upon our ability to identify, develop and commercialize antiviral drug products. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for several reasons, including:

- our research methodology or that of our partners may be unsuccessful in identifying potential product candidates;
- potential product candidates may have harmful side effects or may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval; and
- we or our partners may change their development profiles for potential product candidates or abandon a therapeutic area.

Such events may force us to abandon our development efforts for a program or programs, which would have a material adverse effect on our business and could cause us to cease operations. Research programs to identify new product candidates require substantial technical, financial and human resources. We may focus our efforts and resources on potential programs or product candidates that ultimately prove to be unsuccessful.

We may be unable to successfully complete preclinical testing and clinical trials of our product candidates or experience significant delays in doing so.

We intend to invest a significant portion of our efforts and financial resources in the identification and preclinical development of product candidates that target viral replication enzymes. Our ability to generate product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of our product candidates.

The commercial success of our product candidates will depend on several factors, including:

- successful completion of preclinical studies and clinical trials;
- receipt of marketing approvals from regulatory authorities;
- obtaining and maintaining patent and trade secret protection for product candidates;
- establishing and maintaining manufacturing relationships with third parties or establishing our own manufacturing capability; and
- commercializing our products, if and when approved, whether alone or in collaboration with others.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully complete development of, or to successfully commercialize, our product candidates, which would materially harm our business.

We may be unable to to demonstrate safety and efficacy of our product candidates to the satisfaction of regulatory authorities or we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of product candidates, we or our partners must conduct extensive preclinical studies and clinical trials to demonstrate the safety and efficacy of the product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products.

Events that may cause a delay or unsuccessful completion of clinical development include:

- delays in agreeing with the FDA or other regulatory authorities on final clinical trial design;
- imposition of a clinical hold following an inspection of our clinical trial operations or trial sites by the FDA or other regulatory authorities;
- delays in agreeing on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites;
- delays in obtaining required institutional review board approval at each clinical trial site;
- delays in recruiting suitable patients to participate in a trial;
- delays in the testing, validation, manufacturing and delivery of the product candidates to the clinical sites;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- delays caused by patients dropping out of a trial due to product side effects or disease progression;
- clinical sites dropping out of a trial to the detriment of enrollment;
- time required to add new clinical sites; or
- delays by our contract manufacturers in producing and delivering sufficient supply of clinical trial materials.

If we or our partners must conduct additional clinical trials or other testing of any product candidates beyond those that are contemplated, or are unable to successfully complete clinical trials or other testing of any the product candidates, or if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we or our partners may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements; or
- remove the product from the market after obtaining marketing approval.

Our product development costs will also increase if we experience delays in testing or in obtaining marketing approvals. We do not know whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule if at all. Significant clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do, which would impair our ability to successfully commercialize our product candidates and may harm our business and results of operations. Any inability to successfully complete preclinical and clinical development, whether independently or with our partners, could cause additional costs to us or impair our ability to generate revenues from our product candidates, including product sales, milestone payments, profit sharing or royalties.

Our product candidates may cause adverse effects or have other properties that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance.

Adverse events, or AEs, that may be observed during clinical trials of our product candidates could cause us, other reviewing entities, clinical trial sites or regulatory authorities to interrupt, delay or halt such trials and could cause denial of regulatory approval.

If AEs are observed in any clinical trials of our product candidates, including those our partners may develop under our alliance agreements, our or our partners' ability to obtain regulatory approval for product candidates may be negatively impacted.

Serious or unexpected side effects caused by an approved product could result in significant negative consequences, including:

- regulatory authorities may withdraw prior approval of the product or impose restrictions on its distribution in the form of a modified risk evaluation and mitigation strategy;
- we may be required to add labeling statements, such as warnings or contraindications;
- we may be required to change the way the product is administered or conduct additional clinical trials;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

These events could prevent us or our partners from achieving or maintaining market acceptance of the affected product and could substantially increase the costs of commercializing our products and impair our ability to generate revenues from the commercialization of these products either by us or by our partners.

Even if we complete the necessary preclinical studies and clinical trials, we cannot predict whether or when we will obtain regulatory approval to commercialize a product candidate and we cannot, therefore, predict the timing of any revenue from a product.

Neither we nor any partners we may have can commercialize a product until the appropriate regulatory authorities, such as the FDA, have reviewed and approved the product candidate. The regulatory agencies may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval. Additional delays may result if an FDA Advisory Committee or foreign regulatory authority recommends restrictions on approval or recommends non-approval.

Even if we obtain regulatory approval for a product candidate, we will still face extensive regulatory requirements and the approved product may face future development and regulatory difficulties.

Even if we obtain regulatory approval in the United States, the FDA may still impose significant restrictions on the indicated uses or marketing of our product candidates, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. The holder of an approved a New Drug Application, or NDA, must monitor and report AEs and any failure of a product to meet the specifications in the NDA. The holder of an approved NDA must also submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process. Advertising and promotional materials must comply with FDA rules and other applicable federal and state laws, and are subject to FDA review.

Drug product manufacturers and their facilities are subject to payment of user fees and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with current Good Manufacturing Practices, or cGMP, and adherence to commitments made in the NDA. If we or a regulatory agency discover previously unknown problems with a product such as AEs of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

If we or our partners fail to comply with regulatory requirements following approval of our product candidates, a regulatory agency may:

- issue a warning letter asserting we are in violation of the law;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending NDA or supplements to an NDA submitted by us;
- seize product; or
- refuse to allow us to enter into supply contracts, including government contracts.

Our defense of any government investigation of alleged violations of law, or any lawsuit alleging such violations, could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may prevent or inhibit our ability to commercialize our products and generate revenues.

We may not succeed in obtaining or maintaining necessary rights to drug compounds and processes for our development pipeline through acquisitions and in-licenses.

We may be unable to acquire or in-license any compositions, methods of use, processes or other third-party intellectual property rights from third parties we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and several more established companies are also pursuing strategies to license or acquire third-party intellectual property rights we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities.

Companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment. If we are unable to successfully obtain rights to required third-party intellectual property rights, our business, financial condition and prospects for growth could suffer.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve using hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. If contamination occurs or injury results from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities. We may incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may cause substantial fines, penalties or other sanctions.

Compliance with governmental regulations regarding the treatment of animals used in research could increase our operating costs, which would adversely affect the commercialization of our technology.

The Animal Welfare Act, or AWA, is the federal law that covers the treatment of certain animals used in research. The AWA imposes a wide variety of specific regulations that govern the humane handling, care, treatment and transportation of certain animals by producers and users of research animals, most notably relating to personnel, facilities, sanitation, cage size, feeding, watering and shipping conditions. Third parties with whom we contract are subject to registration, inspections and reporting requirements. Some states have their own regulations, including general anti-cruelty legislation, which establish certain standards in handling animals. If we or our contractors fail to comply with regulations concerning the treatment of animals used in research, we may be subject to fines and penalties and adverse publicity, and our operations could be adversely affected.

Public perception of ethical and social issues may limit or discourage the type of research we conduct.

Our clinical trials will involve people, and we and third parties with whom we contract also do research involving animals. Governmental authorities could, for public health or other purposes, limit the use of human or animal research or prohibit the practice of our technology. In addition, animal rights activists could protest or make threats against our facilities, which may cause property damage and delay our research. Ethical and other concerns about our methods, such as our use of human subjects in clinical trials or our use of animal testing, could adversely affect our market acceptance.

We have limited experience in conducting and managing the preclinical development activities and clinical trials necessary to obtain approvals for marketing our product candidates, including approval by the FDA.

Our efforts to develop our product candidates are at an early stage. We may be unable to progress our product candidates undergoing preclinical testing into clinical trials. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will succeed, and favorable initial results from a clinical trial do not determine outcomes in subsequent clinical trials. The indications of use for which we are pursuing development may have clinical effectiveness endpoints not previously reviewed or validated by the FDA or foreign regulatory authorities, which may complicate or delay our effort to obtain marketing approval. We cannot guarantee that our clinical trials will succeed.

We have not obtained marketing approval or commercialized any of our product candidates. We may not successfully design or implement clinical trials required for marketing approval to market our product candidates. If we are unsuccessful in conducting and managing our preclinical development activities or clinical trials or obtaining marketing approvals, we might not be able to commercialize our product candidates, or might be significantly delayed in doing so, which will materially harm our business.

RISKS RELATED TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We have a limited operating history, have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

We are a preclinical-stage, biopharmaceutical discovery and development company, formed in 2007, with a limited operating history. Since inception of Cocrystal Discovery, our operations have been limited to organizing and staffing the Company, acquiring and developing intellectual property rights, developing our technology platform, undertaking basic research on viral replication enzyme targets and conducting preclinical studies for our initial programs. We have not yet initiated a clinical trial or obtained regulatory approval for any product candidates. Any predictions about our future success or viability, or any evaluation of our business and prospects, may not be accurate.

Cocrystal Discovery has incurred losses in each year since our inception in September 2007. Our net losses were $3.9 million and $0.9 million for the years ended December 31, 2013, 2012 respectively. As of December 31, 2013, we had an accumulated deficit of $12.3 million.

We have devoted most of our financial resources to research and development. We have financed our operations primarily through the sale of equity securities. We entered into a strategic alliance with Teva Pharmaceutical Industries Limited, or Teva, relating to a hepatitis C polymerase target for treatment of hepatitis C. Teva has an option to fund our ongoing research related to the target and obtain an exclusive worldwide license for the development, manufacture and commercialization of a product candidate selected from our hepatitis C polymerase program. If Teva exercises its option to obtain a license to develop, manufacture and commercialize the product candidate, it will assume responsibility for funding and conducting further clinical development and commercialization activities for the product candidate. However, if Teva does not exercise its option for an exclusive license, we will have all rights to the program, but we will be responsible for funding further development of the product candidate and any other candidates, and we may not have the resources to do so unless we can enter into another strategic alliance for these product candidates. 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 have only recently initiated preclinical development of a product candidate and it will be several years, if ever, before we have a product candidate ready for commercialization. Even if we or our present or future partners successfully obtain regulatory approval to market a product candidate, our revenues will also depend upon the size of any markets in which our product candidates have received market approval, and our ability to achieve sufficient market acceptance and adequate market share for our products.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. The results of our operations may fluctuate significantly from quarter to quarter. We anticipate our expenses will increase substantially if and as we continue our research and preclinical development of our product candidates, both independently and under any strategic alliance agreements; seek to identify additional drug targets and product candidates; acquire or in-license other products and technologies; initiate clinical trials for our product candidates; seek marketing approvals for our product candidates that successfully complete clinical trials; ultimately establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval; maintain, expand and protect our intellectual property portfolio; hire additional clinical, quality control and scientific personnel; and create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

We have not generated any revenue from any product sales and may never be profitable.

Our ability to generate revenue and achieve profitability depends on our ability, alone or with partners, to successfully complete the development of, obtain the regulatory approvals for and commercialize product candidates. Our ability to generate future revenues, if any, from product sales depends heavily on our success in many areas, including:

- identifying and validating new therapeutic strategies;
- completing our research and preclinical development of product candidates;
- initiating and completing clinical trials for product candidates;
- seeking and obtaining marketing approvals for product candidates that successfully complete clinical trials;
- establishing and maintaining supply and manufacturing relationships with third parties;
- launching and commercializing product candidates for which we obtain marketing approval, with a partner or, if launched independently, successfully establishing a sales force, marketing and distribution infrastructure;
- maintaining, protecting, enforcing, defending and expanding our intellectual property portfolio; and
- attracting, hiring and retaining qualified personnel.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we cannot predict the timing or amount of increased expenses and when we will be able to achieve or maintain profitability, if ever. Our expenses could increase beyond expectations if we are required by the FDA or foreign regulatory agencies to perform unanticipated studies and trials.

Even if one or more product candidates we independently develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Even if we can generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations.

We may need to raise additional capital, which may not be available on acceptable terms, or at all.

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is expensive. We expect our research and development expenses to substantially increase as we advance our product candidates toward clinical programs. We will need to raise additional capital to support our operations and such funding may not be available to us on acceptable terms, or at all.

As we move lead compounds through toxicology and other preclinical studies, also referred to as nonclinical studies, required to file an Investigational New Drug application, or IND, or its equivalent in foreign countries, and as we conduct clinical development of product candidates, we may have adverse results that may cause us to consume additional capital. Our partners may not elect to pursue the development and commercialization of our product candidates subject to our respective agreements with them. These events may increase our development costs more than we expect. We may need to raise additional capital or otherwise obtain funding through strategic alliances if we initiate clinical trials for new product candidates other than programs currently partnered. We will require additional capital to obtain regulatory approval for, and to commercialize, product candidates. Raising funds in the current or future economic environment, when the capital markets have been affected by the global recession, may present additional challenges.

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 must conduct additional fundraising activities and 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.

RISKS RELATED TO OUR RELIANCE ON THIRD PARTIES

We may use strategic alliances for the development and eventual commercialization of certain product candidates. If these strategic alliances 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.

We are likely to use third party alliance partners for financial, scientific, manufacturing, marketing and sales resources for the clinical development and commercialization of certain of our product candidates. These strategic alliances will likely constrain our control over development and commercialization of our product candidates, especially once a candidate has reached the stage of clinical development. Our ability to recognize revenues from successful strategic alliances may be impaired by several factors including:

- a partner may shift its priorities and resources away from our programs due to a change in business strategies, or a merger, acquisition, sale or downsizing of its company or business unit;
- a partner may cease development in therapeutic areas which are the subject of our strategic alliances;
- a partner may change the success criteria for a program or product candidate delaying or ceasing development of such program or candidate;

- a significant delay in initiation of certain development activities by a partner could also delay payment of milestones tied to such activities, impacting our ability to fund our own activities;

- a partner could develop a product that competes, either directly or indirectly, with an alliance product;

- a partner with commercialization obligations may not commit sufficient financial or human resources to the marketing, distribution or sale of a product;

- a partner with manufacturing responsibilities may encounter regulatory, resource or quality issues and be unable to meet demand requirements;

- a partner may exercise its rights under the agreement to terminate a strategic alliance;

- a dispute may arise between us and a partner concerning the research, development or commercialization of a program or product candidate resulting in a delay in milestones, royalty payments or termination of a program and possibly resulting in costly litigation or arbitration which may divert management attention and resources; and

- a partner may use our proprietary information or intellectual property to invite litigation from a third party or fail to maintain or prosecute intellectual property rights possibly jeopardizing our rights in such property.

Teva may terminate its agreements with us under certain conditions. Depending on the timing of any such termination, we may not be entitled to receive the option exercise fees or milestone payments, as these payments terminate with termination of the respective program or agreement.

Termination of strategic alliance with Teva or another partner may require us to seek out and establish alternative strategic alliances with third-party partners; this may not be possible, or we may not be able to do so on terms acceptable to us, in which case it may be necessary for us to limit the size or scope of one or more of our programs or increase our expenditures and seek additional funding by other means.

Such events would likely have a material adverse effect on our results of operations and financial condition.

We expect to rely on third parties to conduct some aspects of our compound formulation, research and preclinical testing, and those third parties may not perform satisfactorily.

We do not expect to independently conduct all aspects of our drug discovery activities, compound formulation research or preclinical testing of product candidates. We rely and expect to continue to rely on third parties to conduct some aspects of our preclinical testing.

These third parties may terminate their engagements. If we need to enter into alternative arrangements, it would delay our product development activities. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For product candidates we develop and commercialize on our own, we will remain responsible for ensuring that each of our IND-enabling preclinical studies and clinical trials are conducted under the respective study plans and trial protocols.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our studies under regulatory requirements or our stated study plans and protocols, we will not be able to complete, or may be delayed in completing, the necessary preclinical studies to enable us or our partners to select viable product candidates for IND submissions and will not be able to, or may be delayed in our efforts to, successfully develop and commercialize such product candidates.

We intend to rely on third-party manufacturers to produce our preclinical supplies, and we intend to rely on third parties to produce clinical supplies of any product candidates we advance into clinical trials and commercial supplies of any approved product candidates.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured the product candidates ourselves, including:

- the inability to meet any product specifications and quality requirements consistently;
- a delay or inability to procure or expand sufficient manufacturing capacity;
- manufacturing and product quality issues related to scale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- a failure to comply with cGMP and similar foreign standards;
- the inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or that is costly or damaging to us;
- the reliance on a few sources, and sometimes, single sources for raw materials, such that if we cannot secure a sufficient supply of these product components, we cannot manufacture and sell product candidates in a timely fashion, in sufficient quantities or under acceptable terms;
- the lack of qualified backup suppliers for any raw materials currently purchased from a single source supplier;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier;
- carrier disruptions or increased costs beyond our control; and
- failing to deliver products under specified storage conditions and in a timely manner.

These events could lead to clinical study delays or failure to obtain regulatory approval, or impact our ability to successfully commercialize future products. Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of production.

We expect to rely on limited sources of supply for the drug substance and drug product of product candidates, and any disruption in the chain of supply may cause a delay in developing and commercializing these product candidates.

We intend to establish manufacturing relationships with a limited number of suppliers to manufacture raw materials, the drug substance, and the drug product of any product candidate for which we are responsible for preclinical or clinical development. Each supplier may require licenses to manufacture such components if such processes are not owned by the supplier or in the public domain. As part of any marketing approval, a manufacturer and its processes must be qualified by the FDA or foreign regulatory authorities prior to commercialization. If supply from the approved vendor is interrupted, there could be a significant disruption in commercial supply. An alternative vendor would need to be qualified through an NDA or marketing authorization supplement, which could cause further delay. The FDA or other regulatory agencies outside of the United States may also require additional studies if a new supplier is relied upon for commercial production. Switching vendors may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause the delay of clinical trials, regulatory submissions, required approvals or commercialization of our product candidates, cause us to incur higher costs and prevent us from commercializing our products successfully. Furthermore, if our suppliers fail to deliver the required commercial quantities of drug substance or drug product on a timely basis and at commercially reasonable prices, and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials may be delayed or we could lose potential revenue.

Manufacturing issues may arise that could increase product and regulatory approval costs or delay commercialization.

As we scale up manufacturing of product candidates and conduct required stability testing, product, packaging, equipment and process-related issues may require refinement or resolution to proceed with any clinical trials and obtain regulatory approval for commercial marketing. We may identify significant impurities or stability problems, which could cause increased scrutiny by regulatory agencies, delays in clinical programs and regulatory approval, increases in our operating expenses, or failure to obtain or maintain approval for product candidates or any approved products.

We expect to rely on third parties to conduct, supervise and monitor our clinical trials, and if those third parties perform in an unsatisfactory manner, it may harm our business.

We expect to rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we will have agreements governing their activities, we and our partners will have limited influence over their actual performance. Nevertheless, we or our partners will be responsible for ensuring that each of our clinical trials is conducted in accordance with its protocol, and all legal, regulatory and scientific standards. Our reliance on the CROs does not relieve us of our regulatory responsibilities.

We, our partners and our CROs must comply with current Good Clinical Practices, or cGCPs, as defined by the FDA and the International Conference on Harmonization, for conducting, recording and reporting the results of IND-enabling preclinical studies and clinical trials, to ensure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. The FDA enforces these cGCPs through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If we or our CROs fail to comply with cGCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA may require us to perform additional clinical trials before approving any marketing applications. Our clinical trials will require a sufficiently large number of test subjects to evaluate the safety and effectiveness of a product candidate. If our CROs fail to comply with these regulations or fail to recruit a sufficient number of patients, fail to recruit properly qualified patients or fail to properly record or maintain patient data, we may be required to repeat such clinical trials, which would delay the regulatory approval process.

Our CROs will not be our employees, and we cannot control whether they devote sufficient time and resources to our clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials, or other drug development activities that could harm our competitive position. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to failing to adhere to our clinical protocols or regulatory requirements, or for any other reasons, our clinical trials may be extended, delayed or terminated, and we may not obtain regulatory approval for, or successfully commercialize our product candidates. Our financial results and the commercial prospects for such products and any product candidates we develop would be harmed, our costs could increase, and our ability to generate revenues could be delayed.

We also expect to rely on other third parties to store and distribute drug products for any clinical trials we may conduct. Any performance failure by our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, if approved, producing additional losses and depriving us of potential product revenue.

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.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our future products and product candidates. The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. The patent applications we own or in-license may fail to result in patents with claims that cover the products in the United States or in other countries. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found; such prior art can invalidate a patent or prevent a patent from issuing based on a pending patent application. Even if patents do successfully issue, third parties may challenge their validity, enforceability or scope, which may cause such patents to be narrowed or invalidated. Even if unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims.

If the patent applications we hold or have in-licensed regarding our programs or product candidates fail to issue or if their breadth or strength of protection is threatened, it could dissuade companies from collaborating with us to develop product candidates, and threaten our ability to commercialize products. We cannot offer any assurances about which patents will issue or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Since patent applications in the United States and most other countries are confidential for a period after filing, and some remain so until issued, we cannot be certain that we were the first to file a patent application related to a product candidate. In certain situations, if we and one or more third parties have filed patent applications in the United States and claiming the same subject matter, an administrative proceeding can be initiated to determine which applicant is entitled to the patent on that subject matter. Patents have a limited lifespan. In the United States, the natural expiration of a patent is 20 years after it is filed, although various extensions may be available. However the life of a patent, and the protection it affords, is limited. Once the patent life has expired for a product, we may be open to competition from generic medications. Further, if we encounter delays in regulatory approvals, the time during which we could market a product candidate under patent protection could be reduced.

Besides the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable, processes for which patents are difficult to enforce and any other elements of our drug discovery and development processes that involve proprietary know-how, information or technology not covered by patents. Although each of our employees agrees to assign their inventions to us through an employee inventions agreement, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed or our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. The FDA, as part of its Transparency Initiative, is considering whether to make additional information publicly available on a routine basis, including information we may consider to be trade secrets or other proprietary information, and it is not clear how the FDA's disclosure policies may change, if at all.

The laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. We may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. There is substantial litigation, both within and outside the United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions, and reexaminations and other post-grant proceedings before the U.S. Patent and Trademark Office, or U.S. PTO, and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our partners are pursuing product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be patent applications currently pending that may later result in patents that our product candidates may infringe. Third parties may obtain patents in the future and claim that use of our technologies infringes these patents. If any third-party patents were to be held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such patents expire. Similarly, if any third-party patents were to be held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all.

Parties making intellectual property claims against us may obtain injunctive or other equitable relief, which could block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. If a claim of infringement against us succeeds, we may have to pay substantial damages, possibly including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

We may need to obtain licenses to intellectual property rights from third parties.

We may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates. We may fail to obtain these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We cannot provide any assurances that third-party patents do not exist that might be enforced against our products, resulting in either an injunction prohibiting our sales, or, with respect to our sales and other activities, an obligation on our part to pay royalties and/or other forms of compensation to third parties.

We may be involved in lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time-consuming and unsuccessful.

Competitors may infringe our patents or the patents of our licensors. To counter such infringement or unauthorized use, we may be required to file infringement claims, or we may be required to defend the validity or enforceability of such patents, which can be expensive and time-consuming. In an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue because our patents do not cover that technology. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Interference proceedings provoked by third parties or brought by us may be necessary to determine the priority of inventions regarding our patents or patent applications or those of our partners or licensors. An unfavorable outcome could require us to cease using the related technology or to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may cause substantial costs and distract our management and other employees. We may not be able to prevent, alone or with our licensors, misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

Because of the substantial amount of discovery required in intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our securities.

We may be subject to claims our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties.

We employ individuals previously employed at other biotechnology or pharmaceutical companies. We may be subject to claims we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third parties. We may also be subject to claims that former employers or other third parties have an ownership interest in our patents. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and if we succeed, litigation could cause substantial cost and be a distraction to our management and other employees.

RISKS RELATED TO COMMERCIALIZATION OF PRODUCT CANDIDATES

If we or our partners cannot perform under our agreements, our potential to generate future revenue from our product development programs would be significantly reduced and our business would be materially and adversely harmed.

If Teva exercises its option to receive an exclusive license to our hepatitis C product candidate, we will have limited influence and/or control over Teva's approaches to development and commercialization of the product. If our Teva collaboration terminates prior to Teva's exercise of its option, or if Teva does not exercise its option prior to expiration, all rights revert to us and we can continue development at our own expense. Assuming sole responsibility for further development will increase our expenditures, and may mean we will need to limit the size and scope of one or more of our programs, seek additional funding and/or stop work altogether on one or more of the affected product candidates.

We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The biotechnology and pharmaceutical industries are intensely competitive. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies and universities and other research institutions. Our competitors may have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may cause even more resources being concentrated in our competitors. Competition may increase further because of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may develop, acquire or license drug products that are more effective or less costly than any product candidate we may develop.

All of our programs are in a preclinical development stage and are targeted toward indications for which there are approved products on the market or product candidates in clinical development. We will face competition from other drugs that are or will be approved for the same therapeutic indications. Our ability to compete successfully will depend largely on our ability to leverage our experience in drug discovery and development to:

- discover and develop therapeutics superior to other products in the market;
- attract qualified scientific, product development and commercial personnel;
- obtain patent and/or other proprietary protection for our technology platform and product candidates;
- obtain required regulatory approvals; and
- successfully collaborate with pharmaceutical companies in the discovery, development and commercialization of new therapeutics.

The availability of our competitors' products could limit the demand, and the price we can charge, for any products we may develop and commercialize. We will not achieve our business plan if the acceptance of these products is inhibited by price competition or the reluctance of physicians to switch from existing drug products to our products, or if physicians switch to other new drug products or reserve our products for use in limited circumstances. The inability to compete with existing or subsequently introduced drug products would have a material adverse impact on our business, financial condition and prospects.

Established pharmaceutical companies may invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make our product candidates less competitive. Any new product that competes with an approved product must typically demonstrate advantages, such as in efficacy, convenience, tolerability or safety, to overcome price competition and to succeed. Our competitors may obtain patent protection, receive approval by FDA and/or foreign regulatory authorities or discover, develop and commercialize product candidates before we do, which would have a material adverse impact on our business.

The commercial success of our product candidates will depend upon the acceptance of these product candidates by the medical community, including physicians, patients and healthcare payors.

The market acceptance of any product candidates will depend on several factors, including:

- demonstration of clinical safety and efficacy compared to other products;
- the relative convenience, ease of administration and acceptance by physicians, patients and healthcare payors;
- the prevalence and severity of any AEs;
- limitations or warnings in the label approved by FDA and/or foreign regulatory authorities for such products;
- availability of alternative treatments;
- pricing and cost-effectiveness;
- the effectiveness of our or any collaborators' sales and marketing strategies;
- our ability to obtain hospital formulary approval; and
- our ability to obtain and maintain sufficient third-party payor coverage or reimbursement.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any revenues.

We do not have an organization for the sales, marketing and distribution of pharmaceutical products and the cost of establishing and maintaining such an organization may exceed the cost-effectiveness of doing so. To market any products that may be approved, we must build our sales, marketing, managerial and other non-technical capabilities or arrange with third parties to perform these services.

Our current and future partners may not dedicate sufficient resources to the commercialization of our product candidates or may otherwise fail in their commercialization due to factors beyond our control. If we are unable to establish effective alliances to enable the sale of our product candidates to healthcare professionals and in geographical regions, including the United States, that will not be covered by our own marketing and sales force, or if our potential future strategic partners do not successfully commercialize the product candidates, our ability to generate revenues from product sales will be adversely affected.

If we are unable to establish adequate sales, marketing and distribution capabilities, whether independently or with third parties, we may not be able to generate sufficient product revenue and may not become profitable. We will be competing with many companies that have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

If we obtain approval to commercialize any approved products outside of the United States, a variety of risks associated with international operations could materially adversely affect our business.

If any of our product candidates are approved for commercialization, we may enter into agreements with third parties to market them on a worldwide basis or in more limited geographical regions. We expect we will be subject to additional risks related to entering into international business relationships, including:

- different regulatory requirements for drug approvals in foreign countries;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could cause increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is endemic;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires.

If coverage and adequate reimbursement are not available for our product candidates, it could make it difficult for us to sell products profitably.

Market acceptance and sales of any product candidates we develop will depend on coverage and reimbursement policies and may be affected by future healthcare reform measures. Government authorities and third-party payors, such as private health insurers, hospitals and health maintenance organizations, decide which drugs they will pay for and establish reimbursement levels. We cannot be sure that coverage and adequate reimbursement will be available for any product candidates. Also, inadequate reimbursement amounts may reduce the demand for, or the price of, our future products. If reimbursement is not available, or is available only at limited levels, we may not be able to successfully commercialize product candidates we develop.

We cannot be certain if and when we will obtain formulary approval to allow us to sell any products we may develop and commercialize into our target markets. Obtaining formulary approval from hospitals and from payors can be an expensive and time-consuming process. Failure to obtain timely formulary approval will limit our commercial success.

There have been numerous legislative and regulatory proposals to change the healthcare system in the United States and in some foreign jurisdictions that could affect our ability to sell products profitably. These legislative and/or regulatory changes may negatively impact the reimbursement for drug products, following approval. The availability of generic treatments may also substantially reduce reimbursement for our future products. The potential application of user fees to generic drug products may expedite approval of additional generic drug treatments. We expect to experience pricing pressures in connection with sale of any of our products, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. If we fail to successfully secure and maintain reimbursement coverage for our future products or are significantly delayed in doing so, we will have difficulty achieving market acceptance of our products and our business will be harmed.

In some non-U.S. jurisdictions, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. The European Union, or EU, provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of Cocrystal placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for our products. Historically, products launched in the EU do not follow price structures of the U.S. and tend to be priced significantly lower.

RISKS RELATED TO OUR BUSINESS OPERATIONS AND INDUSTRY

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We depend on principal members of our executive and research teams, the loss of whose services may adversely impact the achievement of our objectives. While we have entered into employment agreements with our Chief Executive Officer and President, either of them could leave our employment as all of our employees are “at will” employees. Recruiting and retaining other qualified employees for our business, including scientific and technical personnel, will also be critical to our success. There is a shortage of skilled executives in our industry, which is likely to continue. Competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms the competition among numerous pharmaceutical companies for individuals with similar skill sets. The inability to recruit or loss of the services of any executive or key employee might impede the progress of our research, development and commercialization objectives.

If we expand our organization, we may experience difficulties in managing growth, which could disrupt our operations.

We have 14 full-time employees. As our company matures, we expect to expand our employee base to increase our managerial, scientific and operational, commercial, financial and other resources and to hire more consultants and contractors. Future growth would impose significant additional responsibilities on our management, including the need to identify, recruit, maintain, motivate and integrate additional employees, consultants and contractors. Also, our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may cause weaknesses in our infrastructure, and give rise to operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as developing additional product candidates. If our management cannot effectively manage our growth, our expenses may increase more than expected, our ability to generate and/or grow revenues could be reduced, and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize product candidates and compete will depend, in part, on our ability to manage any future growth.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with the regulations of the FDA and non-U.S. regulators, provide accurate information to the FDA and non-U.S. regulators, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. Sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in during clinical trials, which could cause regulatory sanctions and cause serious harm to our reputation.

Any relationships with customers and third party payors may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws and health information privacy and security laws. If we are unable to comply, or have not fully complied, with such laws, we could face criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

If we obtain FDA approval for any of our product candidates and commercialize those products in the United States, our operations may be directly, or indirectly through our customers, subject to various federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act. These laws may impact, among other things, our proposed sales, marketing and education programs. We may be subject to patient privacy regulation by the federal government and by the U.S. states and foreign jurisdictions in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under a federal healthcare program, such as the Medicare and Medicaid programs;

- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third party payers that are false or fraudulent;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology and Clinical Health Act of 2009, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information; and

- state and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third party payer, including commercial insurers, and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

If our operations are found to violate any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, possible exclusion from Medicare, Medicaid and other government healthcare programs, and curtailment or restructuring of our operations, which could adversely affect our ability to operate our business and our results of operations.

We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs.

Using our product candidates in clinical trials and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our products. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. Regardless of merit or eventual outcome, product liability claims may cause:

- impairment of our business reputation;
- withdrawal of clinical trial participants;
- costs due to related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates; and
- decreased demand for our product candidates, if approved for commercial sale.

We do not have any product liability insurance coverage. We anticipate obtaining such insurance prior to the commencement of any clinical trials but any such insurance coverage we obtain may not reimburse us for all expenses or losses we may suffer. Insurance coverage is becoming increasingly expensive and we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. Occasionally, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated adverse effects. A successful product liability claim or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business.

Business interruptions could delay us in developing our future products.

Our headquarters are in Bothell, Washington. We are vulnerable to natural disasters such as earthquakes, and other events that could disrupt our operations. We do not carry insurance for earthquakes or other natural disasters and we may not carry sufficient business interruption insurance to compensate us for losses that may occur. Any losses or damages we incur could have a material adverse effect on our business operations.

RISKS RELATED TO OUR COMMON STOCK

The market price of our common stock may be highly volatile.

In 2013 the sales price for shares of our common stock as reported on the Over-the-Counter Bulletin Board, or OTCBB, ranged from $0.16 during the quarter ended September 30 to $3.75 during the quarter ended March 31. More recently in 2014, our common stock price has been in the high $0.50s closing at $0.55 on March 24, 2014.

Our stock price could continue to be subject to wide fluctuations in response to a variety of factors, including:

- adverse results or delays in preclinical testing or clinical trials;
- inability to obtain additional funding;
- any delay in filing an IND or NDA for any of our product candidates and any adverse development or perceived adverse development with respect to the FDA's review of that IND or NDA;
- failure to maintain our existing strategic alliances or enter into new alliances;
- failure of our partners to elect to develop and commercialize product candidates under our alliance agreements or the termination of any programs under our alliance agreements;
- failure by us or our licensors and partners to prosecute, maintain or enforce our intellectual property rights;
- failure to successfully develop and commercialize our product candidates;
- changes in laws or regulations applicable to our preclinical and clinical development activities, product candidates or future products;
- inability to obtain adequate product supply for clinical trials for our product candidates or drug supply for marketed products or the inability to do so at acceptable prices;
- adverse regulatory decisions;
- introduction of new products, services or technologies by our competitors;
- failure to meet or exceed financial projections we may provide to the public;
- failure to meet or exceed the estimates and projections of the investment community;
- the perception of the pharmaceutical industry by the public, legislatures, regulators and the investment community;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us, our partners or our competitors;

- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- additions or departures of key scientific or management personnel;
- significant lawsuits, including patent or stockholder litigation;
- changes in the market valuations of similar companies;
- sales of our common stock by us or our stockholders in the future;
- trading volume of our common stock;
- failure to meet our financial or milestone guidance;
- announcement of a pending or completed acquisition or our failure to complete a proposed acquisition;
- short selling activities; or
- announcement of a change in the direction of our business.

Companies trading in the stock market in general, and the OTCBB in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters which require stockholder approval.

As of March 24, 2014, our executive officers, directors, 5% stockholders and their affiliates beneficially owned approximately 95.3% of our outstanding voting stock. Therefore, these stockholders will have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. These stockholders, acting together, may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock you may believe are in your best interest as one of our stockholders.

Because of public company reporting requirements and our small size, our resources may be strained and management's attention diverted.

As a public company, we have incurred, and will continue to incur, significant legal, accounting and other expenses we did not incur as a private company. The Sarbanes-Oxley Act, and rules subsequently implemented by the SEC have imposed various requirements on public companies. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot anticipate. Our management and other personnel will need to devote substantial time to these compliance initiatives. These rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain our current levels of such coverage.

Future sales and issuances of our common stock or rights to purchase common stock, including under our equity incentive plan, could cause additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital will be needed to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. These sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

Under our 2007 Equity Incentive Plan, our management may grant stock options and other equity-based awards to our employees, directors and consultants. The number of shares available for future grant under the 2007 Plan is 17.4 million.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because pharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could cause substantial costs and a diversion of management's attention and resources, which could harm our business.

Our ability to use our net operating loss carry forwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three year period, the corporation's ability to use its pre-change net operating loss carry forwards, or NOLs, and other pre-change tax attributes (such as research tax credits) to offset its post-change income may be limited. We believe that, with the merger and other transactions that have occurred over the past three years, we may have triggered an "ownership change" limitation. We may also experience ownership changes in the future because of subsequent shifts in our stock ownership. If we earn net taxable income, our ability to use our pre-change net operating loss carry forwards to offset U.S. federal taxable income may be subject to limitations, which could result in increased future tax liability to us. At the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

We do not intend to pay dividends on our common stock so any returns will be limited to the value of our stock.

We have never declared or paid any cash dividends on our common stock. We anticipate we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

Provisions in our certificate of incorporation, bylaws, and Delaware law, could make it more difficult for a third party to acquire us, increase the cost of acquiring us, or remove our current management even if doing so would benefit our stockholders.

Our certificate of incorporation, bylaws and Delaware law could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- limiting the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

We are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such transactions are approved by our board of directors. This provision could have the effect of delaying or preventing a change in control, whether or not it is desired by or beneficial to our stockholders. Further, other provisions of Delaware law may also discourage, delay or prevent someone from acquiring us or merging with us.

Because we are subject to the "penny stock" rules, brokers cannot solicit the purchase of our common stock, which adversely affects its liquidity and market price.

The SEC has adopted regulations, which define "penny stock" to be an equity security that has a market price of less than $5.00 per share, subject to specific exemptions. The market price of our common stock on the OTCBB has been substantially less than $5.00 per share and therefore we are considered a "penny stock" according to SEC rules. This designation requires any broker-dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. Without these conditions being met, brokers cannot solicit the purchase of our common stock.

Because we may not attract the attention of major brokerage firms, it could have a material impact upon the price of our common stock.

It is not likely that securities analysts of major brokerage firms will provide research coverage for our common stock since the firm itself cannot recommend the purchase of our common stock under the penny stock rules referenced in the previous risk factor. The absence of such coverage limits the likelihood that an active market will develop for our common stock. It may also make it more difficult for us to attract new investors when we acquire additional capital.

Because many of our outstanding shares are freely tradable, sales of these shares could cause the market price of our common stock to drop significantly, even if our business is performing well.

As of March, 2014, we had approximately 120.5 million shares of common stock outstanding, all of which may be publicly sold under Rule 144 (subject in certain instances to the volume and other limits placed on our affiliates), except as provided in the next sentence. In 2013 and January 2014, we issued 59.3 shares of common stock which may be publicly sold under Rule 144 beginning in April and extending through July 2014. The Series B Preferred Stock issued in the Cocrystal Discovery merger may, once we increase our authorized common stock, be converted into common stock and publicly sold commencing July 2, 2014, although our officers, directors and other affiliates will be subject to Rule 144 limitations as described in the second paragraph below.

In general, Rule 144 provides that any non-affiliate of Cocrystal, who has held restricted common stock for at least six months, is entitled to sell their restricted stock freely, provided that we stay current in our SEC filings. After one year, a non-affiliate may sell without any restrictions.

An affiliate of Cocrystal may sell after six months with the following restrictions:

(i) we are current in our filings,

(ii) certain manner of sale provisions, and

(iii) filing of Form 144.

Because almost all of our outstanding shares are freely tradable and a number of shares held by our affiliates may be freely sold (subject to Rule 144 limitation), sales of these shares could cause the market price of our common stock to drop significantly, even if our business is performing well.

Because of outstanding preferred stock, options and warrants (as well as options available to be granted under our 2007 Equity Incentive Plan), the voting power of our outstanding common stock will be substantially diluted in the future.

In addition to the outstanding common stock described in the risk factor above, our Series B Preferred Stock converts into approximately 205 million shares and is entitled to vote on an as converted basis. We also have outstanding stock options to purchase 35,975,210 shares (which includes the stock options we must issue to the Chief Executive Officer and President) and warrants to purchase 14,169,000 shares. If the holders of the stock options and warrants exercise their rights, it will materially dilute the voting power of our outstanding common stock.

We may issue preferred stock without the approval of our shareholders, which could make it more difficult for a third party to acquire us and could depress our stock price.

Our Board may issue, without a vote of our shareholders, one or more additional series of preferred stock that have more than one vote per share. This could permit our Board to issue preferred stock to investors who support our management and give effective control of our business to our management. Issuance of preferred stock could block an acquisition resulting in both a drop in our stock price and a decline in interest of our common stock. This could make it more difficult for shareholders to sell their common stock. This could also cause the market price of our common stock shares to drop significantly, even if our business is performing well.

If we are required to pay a bank which lent money to a founder of Biozone Labs, it will have a material adverse affect on our financial condition and results of operation.

When one of the founders of Biozone Labs financed the property from which its principal operations are conducted, which property is indirectly owned by the founder, Biozone Labs was required to guarantee the note and performance under the deed of trust securing repayment of the note (together with the founder, his wife and the other founder). As of December 31, 2013, the approximate principal sum due the bank under the note was $2.5 million, which we understand is well in excess of current fair market value of the real property security.

At about the time of our sale of our operating assets to MusclePharm, we gave notice of the assignment and requested that the founder/landlord approve the assignment. The lease requires landlord approval, said approval not to be unreasonably denied. The landlord/founder failed to respond to our request, but gave notice to the bank of the asset sale and assignment of the lease to Musclepharm. Prior notice and consent of a lease assignment or change of control is also required under the terms of the bank loan documents, although no notice was given when we acquired Biozone Labs in 2011.

The bank has retained counsel, accelerated the indebtedness, and demanded payment of the all principal, accrued interest, and a pre-payment penalty, all said amounts totaling approximately $2.63 million as of February 10, 2014. On February 26, 2014, the bank noticed and recorded a Notice of Default on the deed of trust securing the note, which is the first step for a lender to foreclose on real property security in California. Under California law, and unless earlier resolved, the bank could conduct a foreclosure sale in late June 2014 and pursue the guarantors, including Biozone Labs, for any deficiency between the price obtained at the foreclosure sale and the full amount due under the note.

MusclePharm has advised us that it will guarantee this facility. MusclePharm has greater financial resources than we did before the asset sale to it. We have offered to provide to the bank MusclePharm's guarantee as a substitute or addition to Biozone Labs' guarantee. We are not certain whether the bank will accept the MusclePharm guarantee or if the bank will conduct its foreclosure and then file suit. Although our counsel has advised us that we have valid defenses if the bank files suit, we can not assure you that we will be successful. Any litigation may also be costly to defend.

After we made the Original Filing, we learned that, the founder/landlord filed suit against us and our subsidiary, Biozone Laboratories, Inc. as well as Musclepharm alleging the assignment of the lease to Musclepharm was a violation of the lease and its provision requiring the landlord's consent for a change of control. As indicated above, the landlord failed to either approve or reject the proposed assignment when requested last December, and provided no reasonable basis for refusing to approve the assignment. Further, he has continued to cash the rent checks from MusclePharm (January through March), without objection or reservation of his rights. Only upon the bank's default and acceleration did the landlord express any objection to the assignment. Our counsel has advised us that in engaging in the foregoing conduct, the landlord waived its right to assert a default due to the change in control. We agreed to indemnify Musclepharm for its expenses if it were evicted as the result of any action taken by the landlord in contrast to the bank. The costs of any move would be substantial. We intend to vigorously defend the action to prevent Musclepharm's eviction.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary

Paritz & Company, P.A.
certified public accountants

15 Warren Street, Suite 25
Hackensack, New Jersey 07601
(201) 342-7753
Fax: (201) 342-7598

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Biozone Pharmaceuticals, Inc.

We have audited the accompanying consolidated balance sheets of Biozone Pharmaceuticals, Inc. (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in shareholders' deficiency and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Biozone Pharmaceuticals, Inc. as of December 31, 2013and 2012 and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012 in conformity with accounting principles generally accepted in the United States of America.

/s/ Paritz & Company, P.A.

Hackensack, New Jersey
March 29, 2014

BIOZONE PHARMACEUTICALS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 589,471	$ 8,101
Assets of discontinued operations	5,866,798	6,661,399
Prepaid expenses and other current assets		17,714
Total current assets	6,456,269	6,687,214
Property and equipment, net		552,553
	-	552,553
Total Assets	$ $6,456,269	$ 7,239,767
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities:		
Accrued expenses and other current liabilities	76,994	468,913
Accrued interest	-	286,382
Convertible note payable	-	1,472,152
Deferred income tax	-	-
Derivative instruments	8,489,089	919,394
Liabilities of discontinued operations	3,916,368	7,673,251
Total current liabilities	12,482,451	10,820,092
Long Term Debt		-
Shareholders' equity		
Common stock, $.001 par value, 200,000,000 shares authorized,113,938,679 and 63,142,969 shares issued and outstanding at December 31, 2013,and December 31,2012, respectively	113,939	63,143
Additional paid-in capital	27,609,859	10,484,611
Accumulated deficit	(33,749,980)	(14,128,079)
Total shareholders' equity	(6,026,182)	(3,580,325)
Total liabilities and shareholders' equity	$ 6,456,269	$ 7,239,767

BIOZONE PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2013	**2012**
Sales	$ -	$ -
Cost of sales	-	
Gross profit	-	-
Operating Expenses:		
General and adminstrative expenses	3,283,490	2,064,154
Research and development expenses	17,499	489,345
Total Operating Expenses	3,300,989	2,553,499
Income (Loss) from operations	(3,300,989)	(2,553,499)
Interest expense	(3,341,981)	(5,231,231)
change in fair market value of derivative liability	(4,526,688)	153,540
Loss on disposal of assets	(470,454)	-
Loss from continuing operations before provision for income taxes	(11,640,112)	(7,631,190)
Provision for income taxes	-	-
Loss from continuing operations	(11,640,112)	(7,631,190)
Loss from discontinued operations, net of taxes	(8,648,381)	(333,412)
Loss on sale of assets	666,592	-
Net loss	(19,621,901)	(7,964,602)
Deemed dividend on preferred stock	(4,136,003)	-
Net loss attributable to Biozone	$ (23,757,904)	$ (7,964,602)
Loss per common share - continuing operations	(0.22)	(0.12)
Loss per common share - discontinued operations	(0.11)	(0.01)
Loss per common share	$ (0.33)	$ (0.13)
Basic and diluted weighted average common share outstanding	72,500,136	61,631,047

BIOZONE PHARMACEUTICAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2013	**2012**
Cash flows from operating activities		
Net loss from continuing operations	$ (11,640,112)	(7,631,190)
Loss from discontinued operations	(7,981,789)	(333,412)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation & Amortization	138,655	138,589
Amortization of financing costs	-	36,304
Change in unrealized (gain)/loss on derivative instruments	4,526,688	(153,540)
Stock and warrant based compensation	9,336,184	120,000
Loss on disposal of assets	470,454	-
Non-cash interest expense	3,238,771	5,181,251
Changes in assets and liabilities:		
Accrued expenses and other current liabilities	(167,612)	(80,695)
Net cash used in operating activities - continuing operations	(2,078,761)	(2,722,693)
Net cash used in operating activities - discontinued operations	(2,489,869)	1,133,862
	(4,568,630)	(1,588,831)
Cash flows from investing activities		
Purchase of property and equipment	-	(152,132)
Net cash provided by (used in) investing activities	-	(152,132)
Cash flows from financing activities		
Proceeds from convertible debt	2,100,000	3,750,000
Repayment of borrowings from noteholders	(1,400,000)	(2,650,000)
Payment of deferred financing costs	-	(36,304)
Proceeds from sale of common stock	950,000	650,000
Proceeds from sale of preferred shares	3,500,000	
Advance from (payment to) shareholder	-	
Net cash provided by financing activities	5,150,000	1,713,696
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	581,370	(27,267)
Cash and cash equivalents, beginning of period	8,101	35,368
Cash and cash equivalents, end of period	$ 589,471	8,101
Supplemental disclosures of cash flow information:		
Interest paid	747,150	256,482
Debt discount from warrant liability	2,000,000	2,755,274
Deemed dividen on preferred stock	$ 4,136,003	$ -

BIOZONE PHARMACEUTICAL, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

	Common Stock				
	Number of Shares	Amount	Additional paid in capital	Shareholder's defecit	Total
Balance as of December 31, 2011	55,181,166	$ 55,181	$ 3,339,171	$ (6,163,477)	$ (2,769,125)
Proceeds from sale of common stock	1,755,000	1,755	648,245		650,000
Shares issued upon cashless exercise of warrants	12,856,803	12,857	6,490,545		6,503,402
Cancellation of founders' shares	(6,650,000)	(6,650)	6,650		-
Net loss for the year				(7,964,602)	(7,964,602)
Balance at December 31, 2012	63,142,969	63,143	$10,484,611.00	$ (14,128,079)	$ (3,580,325)
Proceeds from sale of common stock	3,800,000	3,800	946,200		950,000
Shares issued for anti dilution protection	2,518,356	2,518	(2,518)		-
Warrant issued with sale of common stock			(456,501)		(456,501)
Shares issued to consultants	2,142,204	2,142	973,558		975,700
Shares issued for litigation settlements	5,186,986	5,187	3,540,296		3,545,483
Shares issued upon cashless exercise of warrants	29,069	29	82,784		82,813
Shares issued upon conversion of convertible notes	22,317,714	22,318	3,151,616		3,173,934
Shares issued for extinguishment of debt	7,801,381	7,802	5,396,813		5,404,615
Warrants issued with sale of preferred stock			2,141,003		2,141,003
Beneficial Conversion Feature of preferred stock			4,136,003		4,136,003
Shares issued upon conversion of convertible preferred stock	7,000,000	7,000	1,351,997		1,358,997
Deemed dividend on preferred stock			(4,136,003)		(4,136,003
Net loss for the year				$ (19,621,901)	$ (19,621,901)
Balance at December 31, 2013	113,938,679	113,939	$ 27,609,859	$ (33,749,980)	$ (6,026,182)

Notes to Consolidated Financial Statements

NOTE 1 – Business

BioZone Pharmaceuticals, Inc. (formerly, International Surf Resorts, Inc.; the "Company", "we", "our") was incorporated under the laws of the State of Nevada on December 4, 2006. On March 1, 2011, we changed our name from International Surf Resorts, Inc. to BioZone Pharmaceuticals, Inc. On March 24, 2014 pursuant to shareholder approval, the Company converted from a Nevada corporation to a Delaware corporation.

On May 16, 2011, we entered into an Asset Purchase Agreement, dated as of that date, by and among the Company, Baker Cummins Corp., a wholly-owned subsidiary of the Company ("Baker Cummins") and Aero Pharmaceuticals, Inc. (Aero") pursuant to which the Company acquired substantially all of Aero's assets and assumed all of its liabilities. Aero markets and distributes a line of dermatological products under the trade name of Baker Cummins Dermatologicals.

On June 30, 2011, we acquired: (i) 100% of the outstanding common stock of BioZone Laboratories, Inc. ("BioZone Labs") in exchange for 19,266,055 shares of our common stock; (ii) 100% of the outstanding membership interests of Equalan, LLC ("Equalan") and Equachem, LLC ("Equachem") in exchange for 1,027,523 and 385,321 shares of our common stock, respectively; and (iii) 45% of the outstanding membership interests of BetaZone Laboratories, LLC ("BetaZone") in exchange for 321,101 shares of our common stock, for a total of 21 million shares. The acquired entities shared substantially common ownership prior to the foregoing acquisition. Since inception, BioZone Labs and its affiliates have been engaged primarily in the business of developing and manufacturing Over the Counter ("OTC") drug products and cosmetic and beauty products on behalf of third parties.

BioZone Labs was incorporated under the laws of the State of California in 1991. Equalan was formed as a limited liability company under the laws of the State of California on January 2, 2007. Equachem was formed as a limited liability company under the laws of the State of California on March 12, 2007 under the name Chemdyn, LLC and changed its name to Equachem, LLC on July 25, 2007. BetaZone was formed as a Florida limited liability company on November 7, 2006.

On February 22, 2013 and March 7, 2013, we liquidated Equachem and Equalan, respectively, and transferred their activities to BioZone Labs in an effort to reduce selling and administrative expenses. In June 2013, the members of BetaZone, by unanimous written consent, adopted a plan of liquidation of BetaZone pursuant to which BetaZone's assets were transferred to its members. BetaZone was liquidated in August 2013.

As further described in Note 3, on September 3, 2013, we entered into an Asset Purchase Agreement, dated as of that date, by and among the Company, BioZone Labs and Lautus Pharmaceuticals LLC, a New Jersey limited liability company ("Lautus") pursuant to which Lautus purchased all of the Company's assets related to the Glyderm brand of skin care products currently manufactured and sold by BioZone Labs. Specifically, we sold all of our interest in (A) the Glyderm trademark, the Glyderm patents, the Glyderm product formulations, the domain names, www.glydermonline.com and www.glydermskincare.com, and the Glyderm internet website; and (B) BioZone Labs' entire inventory of Glyderm products held for resale.

As further described in Note 3, on November 12, 2013, we entered into an Asset Purchase Agreement, dated as of that date, by and among the Company, BioZone Labs, Baker Cummins, Brian Keller, MusclePharm Corporation ("Musclepharm") and Biozone Laboratories, Inc. ("Acquisition Co.") a newly formed subsidiary of Musclepharm, pursuant to which we agreed to sell to Acquisition Co. substantially all of the operating assets of Biozone Labs and Baker Cummins, including the QuSomes, HyperSorb and EquaSomes drug delivery technologies (excluding certain assets including cash on hand) for 1,200,000 shares of Musclepharm's common stock. The sale of BioZone Labs and Baker Cummins occurred on January 2, 2014 and qualified as a discontinued operation of the Company. Accordingly, the Company has excluded results of BioZone Labs' and Baker Cummins' operations from its Consolidated Statements of Operations to present this business in discontinued operations.

As further described in Note 11, effective January 2, 2014, the Company, Biozone Acquisitions Co., Inc., a wholly-owned subsidiary of the Company (the "Merger Sub") and Cocrystal Discovery, Inc. ("Cocrystal") entered into and closed an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, Merger Sub merged with and into Cocrystal (the "Merger") with Cocrystal continuing as the surviving corporation and a wholly-owned subsidiary of the Company. Cocrystal is a biotechnology company developing antiviral therapeutics for human diseases, including Hepatitis C virus, Influenza virus, Rhinovirus (common cold) Dengue Virus and Norovirus.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of BioZone Pharmaceuticals, Inc. and its subsidiaries, all of which are wholly owned, its equity investment in BetaZone Laboratories, LLC, and 580 Garcia Ave, LLC, a Variable Interest Entity ("VIE").

The Company considered the terms of its interest in 580 Garcia and determined that it was a variable interest entity (VIE) in accordance with ACS 810-10-55, and that it should be consolidated with the Company. The Company rents the manufacturing facility located at 580 Garcia Avenue, Pittsburg CA from 580 Garcia, is the sole tenant and is a guarantor of the mortgage note issued by 580 Garcia to GECC, the lien holder on the property.

BetaZone is a significant unconsolidated subsidiary. We account for our investment in BetaZone using the equity method of accounting.

Use of Estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles ("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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include the collectability of accounts receivable and deferred taxes and related valuation allowances. Certain of our estimates, including evaluating the collectability of accounts receivable, could be affected by external conditions, including those unique to our industry, and general economic conditions. It is possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

Cash and Cash Equivalents

We consider all short-term highly liquid investments with an original maturity at the date of purchase of three months or less to be cash equivalents.

Revenue Recognition

We follow the guidance of the Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 104 for revenue recognition and Accounting Standards Codification ("ASC") Topic 605, "Revenue Recognition". The Company operates as a contract manufacturer and produces finished goods according to customer specifications. The agreements with customers do not contain any rights of return other than for goods that fail to meet the specifications provided by the customer. The Company has not experienced any significant returns from customers and accordingly, in management's opinion, no reserve for returns is provided. We record revenue when persuasive evidence of an arrangement exists, services have been rendered or product delivery has occurred, the selling price to the customer is fixed or determinable and collectability of the revenue is reasonably assured.

Accounts Receivable and Allowance for Doubtful Accounts Receivable

We have a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable credit losses in our existing accounts receivable. We extend credit to our customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable. We perform ongoing credit evaluations of our customers and maintain an allowance for potential bad debts if required. We determine whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. We may also record a general allowance as necessary. Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate that we should abandon such efforts.

Inventories

Inventories are stated at the lower of cost, determined using the weighted average cost method, and net realizable value. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs to complete and dispose of the product.

If the Company identifies excess, obsolete or unsalable items, its inventories are written down to their realizable value in the period in which the impairment is first identified. Shipping and handling costs incurred for inventory purchases and product shipments are recorded in cost of sales in the Company's consolidated statements of operations.

Fair Value Measurements

We adopted the provisions of ASC Topic 820, “Fair Value Measurements and Disclosures”, which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The carrying amounts of our short and long term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuances of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The warrant liabilities issued in connection with our convertible debt, classified as a level 3 liability, are the only financial liability measured at fair value on a recurring basis

We measure derivative liabilities at fair value using the Black-Scholes option pricing model with assumptions that include the fair value of the stock underlying the derivative instrument, the exercise or conversion price of the derivative instrument, the risk free interest rate for a term comparable to the term of the derivative instrument and the volatility rate and dividend yield for our common stock. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The Company has not paid dividends to date and does not expect to pay dividends in the foreseeable future due to its substantial accumulated deficit. Accordingly, expected dividends yields are currently zero. Expected volatility is based principally on an analysis of historical volatilities of similarly situated companies in the marketplace for a number of periods that is at least equal to the contractual term or estimated life of the applicable financial instrument.

We also considered the use of the lattice or binomial models with respect to valuing derivative financial instruments that feature anti-dilution price protection; however, the differences in the results are insignificant due to the low probability of triggering price adjustments in such financial instruments

Stock-based compensation

We recognize compensation expense for stock-based compensation in accordance with ASC Topic 718. For employee stock-based awards, we calculate the fair value of the award on the date of grant using the Black-Scholes method for stock options and the quoted price of our common stock for unrestricted shares; the expense is recognized over the service period for awards expected to vest. For non-employee stock-based awards, we calculate the fair value of the award on the date of grant in the same manner as employee awards. However, the awards are revalued at the end of each reporting period and the pro rata compensation expense is adjusted accordingly until such time the nonemployee award is fully vested, at which time the total compensation recognized to date equals the fair value of the stock-based award as calculated on the measurement date, which is the date at which the award recipient's performance is complete. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class, and historical experience.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the useful lives of the assets. Expenditures for additions and improvements are capitalized; repairs and maintenance are expensed as incurred.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of net assets of business purchased. Goodwill is not being amortized but is evaluated for impairment on at least an annual basis.

Impairment of long lived assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

Income taxes

We use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

Convertible Instruments

We evaluate and account for conversion options embedded in convertible instruments in accordance with ASC 815 "Derivatives and Hedging Activities".

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

We account for convertible instruments (when we have determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: We record when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

We classify as equity any contracts that require physical settlement or net-share settlement or provide us a choice of net-cash settlement or settlement in our own shares (physical settlement or net-share settlement) provided that such contracts are indexed to our own stock as defined in ASC 815-40 ("Contracts in Entity's Own Equity"). We classify as assets or liabilities any contracts that require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside our control) or give the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). We assess classification of our common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

Our derivative instruments consisting of warrants to purchase our common stock were valued using the Black-Scholes option pricing model, using the following assumptions at December 31, 2013:

Estimated dividends:	None
Expected volatility:	184%
Risk-free interest rate:	0.83%
Expected term:	3.25 – 10 years

Concentration of Credit Risk

Financial instruments that potentially expose us to concentrations of credit risk consist principally of cash and cash equivalents. We maintain our cash accounts at high quality financial institutions with balances, at times, in excess of federally insured limits. Management believes that the financial institutions that hold our deposits are financially sound and therefore pose minimal credit risk

Research and development

Research and development expenditures are charged to operations as incurred.

Advertising

Advertising and marketing expenses are charged to operations as incurred.

NOTE 3 - DISCONTINUED OPERATIONS:

Glyderm Skin Care

On September 3, 2013, we entered into an Asset Purchase Agreement, (the "APA"), by and among the Company, BioZone Laboratories, Inc., the Company's wholly owned subsidiary ("BZL") and Lautus Pharmaceuticals LLC, a New Jersey limited liability company ("Lautus" or the "Buyer"). (The Company and BZL are referred to herein as the "Sellers").

Pursuant to the APA, the Buyer purchased from the Sellers certain assets relating to the Glyderm brand of skin care products currently manufactured and sold by BZL. Specifically, the Sellers sold all of their interests in (A) the Glyderm trademark, the Glyderm patents, the Glyderm product formulations, the domain names, www.glydermonline.com and www.glydermskincare.com, and the Glyderm internet website; and (B) the Sellers' entire inventory of Glyderm products held for resale (the "Purchased Assets").

The purchase price for the Purchased Assets is an aggregate amount equal to: (A) one million dollars ($1,000,000), payable as follows: (i) six hundred thousand dollars ($600,000) payable at the closing of the APA (the "Closing Date"), (ii) two hundred thousand dollars ($200,000) payable six (6) months after the Closing Date, and (iii) two hundred thousand dollars ($200,000) payable twelve (12) months after the Closing Date; plus (B) the purchase price for the inventory, calculated based on the amount of units of Glyderm products purchased on the Closing Date at the price per unit that BZL charges its non-retail customers for similar products. The Buyer will pay the purchase price for the inventory as the Glyderm products contained in the inventory are sold by the Buyer to third parties.

Simultaneous with the closing of the APA, BZL and the Buyer entered into a Supply Agreement providing for the manufacture of Glyderm products by BZL on behalf of the Buyer. The term of the Supply Agreement is five years and is subject to termination upon various events set forth in the Supply Agreement, including termination at the Buyer's option upon ninety days prior written notice. The Supply Agreement contains a schedule of the price per unit that the Buyer has agreed to pay BZL for the manufacture of Glyderm products. The Buyer is not obligated to purchase any minimum amount of Glyderm products from BZL during the term of the Supply Agreement. In addition, BZL and the Buyer entered into a Services Agreement on the Closing Date pursuant to which BZL will provide to Buyer certain ongoing operational support on behalf of Buyer for a period of twelve months from the Closing Date.

The following table describes the total gain on disposal and the carrying values of the assets and liabilities disposed:

BioZone Pharmaceuticals, Inc.
Gain on Divestment of Glyderm Skin Care Product Line

Sale price	$ 1,000,000
Carrying value of net assets (see below)	333,408
Gain on sale	$ 666,592
Carrying value of net assets:	
Receivables	$ 181,716
Inventory	125,899
Other	25,793
	$ 333,408

BioZone Labs and Baker Cummins

On November 12, 2013, we entered into an Asset Purchase Agreement, dated as of that date, by and among the Company, BioZone Labs, Baker Cummins, Brian Keller, MusclePharm Corporation ("Musclepharm") and Biozone Laboratories, Inc. ("Acquisition Co.") a newly formed subsidiary of Musclepharm, pursuant to which Acquisition Co. acquired substantially all of the operating assets of Biozone Labs and Baker Cummins, including the QuSomes, HyperSorb and EquaSomes drug delivery technologies (excluding certain assets including cash on hand). The closing of the Asset Purchase Agreement occurred on January 2, 2014. The Company has no significant continuing involvement in the operations of BioZone Labs or Baker Cummins. The sale of BioZone Labs and Baker Cummins qualified as a discontinued operation of the Company and accordingly, the Company has excluded results of BioZone Labs' and Baker Cummins' operations from its Consolidated Statements of Operations to present these businesses in discontinued operations.

The following tables show the assets and liabilities and results of operations of the discontinued operations for fiscal years 2013 and 2012:

BioZone Pharmaceuticals, Inc.
Assets and Liabilities of Discontinued Operations

	Year Ended December 31, 2013	Year Ended December 31, 2012
CURRENT ASSETS:		
Cash	$ 140,254	$ 54,195
Accounts Receivable	139,235	834,998
Inventories	1,393,050	1,651,087
Prepaid & other	492,213	104,198
Total current assets	$ 2,164,752	$ 2,644,478
PROPERTY AND EQUIPMENT, NET	$ 2,530,689	$ 2,781,366
OTHER ASSETS:		
Deferred financing, net	$ 10,035	$ 17,677
Goodwill	1,026,984	1,026,984
Intangibles, net	134,338	190,894
	$ 3,702,046	$ 4,016,921
Assets of discontinued operations	$ 5,866,798	$ 6,661,399
CURRENT LIABILITIES:		
Accounts payable	$ 254,903	$ 736,279
Accrued expenses	692,357	2,658,904
Accrued interest		
Note payable shareholder		1,099,715
Convertible notes		
Deferred income taxes	102,022	102,022
Derivative instruments		
Current portion of Long Term Debt	156,420	181,752
TOTAL CURRENT LIABILITIES	$ 1,205,702	$ 4,778,672
Long term debt	$ 2,710,666	$ 2,894,579
Liabilities of discontinued operations	$ 3,916,368	$ 7,673,251

BioZone Pharmaceuticals, Inc.
Results of Operations of Discontinued Operations

	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenue	$ 8,429,828	$ 17,190,720
Cost of Sales	5,638,881	9,969,068
Gross Profit	$ 2,790,947	$ 7,221,652
SG&A expense	$ 9,765,539	$ 6,276,190
Selling expenses	521,646	774,778
R&D Expense	542,591	253,746
Earnings from Operations	$ (8,038,829)	$ (83,062)
Interest income (expense)	$ (609,552)	$ (250,350)
Earnings before income taxes	$ (8,648,381)	$ (333,412)
Income (loss) from discontinued operations, net of taxes	$ (8,648,381)	$ (333,412)

NOTE 4 – Equity Method Investments

Our significant unconsolidated subsidiary that is accounted for using the equity method of accounting is our investment in BetaZone Laboratories LLC. In June 2013, the members of BetaZone, by unanimous written consent, adopted a plan of liquidation of BetaZone pursuant to which BetaZone's assets were transferred to its members. BetaZone was liquidated in August 2013.

Summarized financial information for our investment in BetaZone Laboratories, LLC assuming 100% ownership interest is as follows:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Balance Sheet		
Current Assets	0	$ 3,825
Current Liabilities	0	$ 301,864
Statement of Operations		
Revenues	$ 47,893	$ 40,002
Net Loss	$ (19,075)	$ (272,935)

In 2011, when the Company's share of losses equaled the carrying value of its investment, the equity method of accounting was suspended, and no additional losses were charged to operations. The Company's unrecorded share of losses for 2013 totaled $8,584.

NOTE 5 – Convertible Notes Payable

The "March 2011 Notes"

On March 29, 2011, the Company sold 10% secured convertible promissory notes in the amount of $2,250,000, (the "March 2011 Notes") and warrants (the "March Warrants") to purchase securities of the Company in the Target Transaction Financing (as defined below), pursuant to a Securities Purchase Agreement entered into on February 22, 2011 (the "Private Placement").

The March 2011 Notes, extended as described below , originally were scheduled to mature on the earlier of October 29, 2011 or the closing date of the Target Transaction Financing (such earlier date, the "Maturity Date"). The entire principal amount and any accrued and unpaid interest was due and payable in cash on the Maturity Date.

We recorded the liability for the March 2011 Notes at an amount equal to the full consideration received upon issuance, without considering the Warrant value because the determination of the number of warrants and the exercise price of the warrants is dependent on the closing date of, and the price of securities issued in the Target Transaction Financing, which had yet to take place.

Effective October 28, 2011, the purchasers of the March 2011 Notes (the "Note Holders") agreed to extend the maturity date of the Notes (the "Extension Agreement") to October 29, 2011(the "New Maturity Date") (see Note 5). As consideration for the agreement by the Note Holders to enter into the Extension Agreement, the Company (i) issued to the Note Holders an aggregate of 112,500 shares of its common stock, par value $0.001 per share and (ii) paid to the Investors, an aggregate of $129,000 of interest for the period beginning on February 28, 2011 (the date the Note Holders placed the principal amount in escrow) and ending on March 28, 2011. The Company agreed to provide piggyback registration rights with respect to the 112,500 shares on the same terms and conditions provided for the registrable securities in the Registration Rights Agreement contained in the Private Placement.

The Company agreed that if it fails to repay the March 2011 Notes on or before the New Maturity Date, then in addition to the interest due under the March 2011 Notes, the Company would pay an additional 2% (annualized) for each 30 day period all or any portion of the principal or accrued interest remain unpaid, subject to a maximum aggregate interest rate of 20% (the sum of the 10% interest rate plus 2% for each 30 day delay period), with such 2% being calculated on the full principal amount regardless of whether any portion thereof has been repaid by the Company and such full amount accruing as of the day following the New Maturity Date and then upon each 30 day anniversary of the New Maturity Date.

On December 8, 2011 the Company repaid $200,000 to one of the note holders.

In March 2012, the Company repaid in full all of the outstanding principal and accrued interest due with respect to the March 2011 Notes.

The "February 2012 Notes"

On February 24, 2012, the Company entered into a Securities Purchase Agreement with OPKO Health Inc. pursuant to which we sold a 10% secured convertible promissory note in the aggregate principal amount of $1,700,000 due two years from the date of issuance and issued warrants to purchase 8,500,000 shares of the our common stock, at an exercise price of $0.40 per share, for gross proceeds of $1,700,000.

On February 28, 2012 and February 29, 2012, the Company entered in a Securities Purchase Agreement with two additional buyers pursuant to which we sold an additional $600,000 aggregate principal amount of notes and issued warrants to purchase an additional 3,000,000 shares of our common stock, at an exercise price of $0.40 per share, for gross proceeds of $600,000, on the same terms as the notes and warrants issued to OPKO as described above.

In connection with the sale of the notes and the warrants, the Company and the collateral agent for the buyers entered into a Pledge and Security Agreement pursuant to which all of our obligations under the notes are secured by a first priority perfected security interest in all of our tangible and intangible assets, including all of our ownership interest in our subsidiaries.

The entire principal amount and any accrued and unpaid interest on the notes is due and payable in cash on the maturity date set forth in the notes. The notes bear interest at the rate of 10% per annum. The notes are convertible into shares of our common stock at an initial conversion price of $0.20 per share, subject to adjustment. We may prepay any outstanding amount due under the notes, in whole or in part, prior to the maturity date. The notes are subject to certain "Events of Defaults" which could cause all amounts due and owing thereunder to become immediately due and payable. Among other things, our failure to pay any accrued but unpaid interest when due, the failure to perform any obligation under the governing transaction documents or if any representation or warranty made by the Company in connection with the governing transaction documents proves to have been incorrect in any material respect constitutes an Event of Default under the governing transaction documents.

The Company is prohibited from effecting a conversion of the notes or exercise of the warrants, to the extent that as a result of such conversion or exercise the holder would beneficially own more than 4.99% (subject to waiver) in the aggregate of the issued and outstanding shares of the Company's common stock, calculated immediately after giving effect to the issuance of shares of common stock upon conversion of such note or exercise of such warrant, as the case may be.

The warrants are immediately exercisable and expire ten years after the date of issuance. The warrants have an initial exercise price of $0.40 per share. The warrants are exercisable in cash or through a "cashless exercise". All of the warrants granted with these notes have been exercised.

We determined that the initial fair value of the warrants was $5,221,172 based on the Black-Scholes option pricing model, which we treated as a liability with a corresponding decrease in the carrying value of the notes. Under authoritative guidance, the carrying value of the notes may not be reduced below zero. Accordingly, we recorded interest expense of $2,921,172 at the time of the issuance of the notes, which is the excess of the value of the warrants over the allocated fair value of the notes. The discount related to the notes will be amortized over the term of the notes as interest expense, calculated using an effective interest method.

We determined that, according to ASC 470120-30, a beneficial conversion feature existed based on the intrinsic value of the conversion feature. Due to the fact that the carrying amount of the convertible notes has been reduced to zero, based on the discount allocated from the value of the warrants referred to above, that no beneficial conversion feature is to be recorded. ASC 470-20-30-8 states that if the intrinsic value of the beneficial conversion feature is greater than the proceeds allocated to the convertible instrument, the amount of the discount assigned to the beneficial conversion feature shall be limited to the amount of the proceeds allocated to the convertible instrument.

On October 8, 2013, holders of February 2012 Notes with an aggregate principal amount of $500,000 converted all amounts due under such Notes, consisting of principal of $500,000 and accrued interest of $200,150, into 1,000,751 shares of the Company's common stock.

On November 21, 2013, the holder of a February 2012 Note with a principal amount of $100,000 converted all amounts due under such Note, consisting of principal of $100,000 and accrued interest of $17,178, into 585,890 shares of the Company's common stock.

On December 19, 2013, OPKO Health Inc. converted all amounts due under the February 2012 Note, consisting of principal of $1,700,000 and accrued interest of $309,260, into 10,046,301 shares of the Company's common stock.

As a result of the foregoing, none of the February 2012 Notes remain outstanding as of December 31, 2013.

The "March 2012 Purchase Order Note"

On March 13, 2012, the Company sold a 10% senior convertible promissory note with a principal amount of $1,000,000 (the "Purchase Order Note") to an accredited investor for a purchase price of $1,000,000. The principal amount of the Purchase Order Note is payable in cash on such dates and in such amounts as set forth in the Purchase Order Note, based on the receipt of proceeds from sales to a certain vendor (the "Vendor Proceeds"). The last date of the scheduled payments under the Purchase Order Note is referred to as the "Final Maturity Date". All of our obligations under the Purchase Order Note are secured by a first priority security interest in the Vendor Proceeds as defined. The holder of the notes issued in February 2012 agreed to subordinate their security interest in the Vendor Proceeds to the interest of the holder of the Purchase Order Note.

The Purchase Order Note is convertible into shares of our common stock at an initial conversion price of $1.50 per share. The Purchase Order Note bears interest at the rate of 10% per annum. We may prepay any outstanding amounts owing under the Purchase Order Note, in whole or in part, at any time prior to the Final Maturity Date. The entire remaining principal amount and all accrued but unpaid or unconverted interest is due and payable on the earliest of (1) the Final Maturity Date, (2) the consummation of a financing by the Company resulting in net proceeds equal to or greater than 1.5 times the remaining outstanding unconverted principal amount and (3) the occurrence of an Event of Default (as defined in the Purchase Order Note).

The Company has not recorded a BCF on the March 2012 Purchase Order Note due to the effective conversion price being greater than the fair value of the Company's stock at the issuance date.

The Company is prohibited from effecting a conversion of the Purchase Order Note, to the extent that as a result of such conversion, the holder would beneficially own more than 4.99% (subject to waiver) in the aggregate of the issued and outstanding shares of the Company's common stock, calculated immediately after giving effect to the issuance of shares of common stock upon conversion of the Purchase Order Note.

On October 8, 2013, the holder of the Purchase Order Note converted all remaining amounts due under such Note, consisting of principal of $200,000 and accrued interest of $36,038, into 1,180,892 shares of the Company's common stock.

The "April 2012 Working Capital Note"

On April 18, 2012, we sold a 10% senior convertible promissory note with a principal amount of $250,000 (the "Working Capital Note") to an accredited investor for a purchase price of $250,000. The principal amount of the Working Capital Note is payable in cash on such dates and in such amounts as set forth in the Working Capital Note based on the receipt of the Vendor Proceeds as defined. The last date of the scheduled payments under the Working Capital Note is referred to as the "Final Maturity Date". All of our obligations under the Purchase Order Note are secured by a first priority security interest in the Vendor Proceeds. The buyers of the February 2012 Notes agreed to subordinate their security interest in the Vendor Proceeds to the interest of the holder of the Working Capital Note.

The Working Capital Note is convertible into shares of our common stock at an initial conversion price of $1.50 per share. The Working Capital Note bears interest at the rate of 10% per annum. We may prepay any outstanding amounts owing under the Working Capital Note, in whole or in part, at any time prior to the Final Maturity Date. The entire remaining principal amount and all accrued but unpaid or unconverted interest is due and payable on the earliest of (1) the Final Maturity Date, (2) the consummation of a financing by the Company resulting in net proceeds equal to or greater than 1.5 times the remaining outstanding unconverted principal amount and (3) the occurrence of an Event of Default (as defined in the Working Capital Note).

The Company is prohibited from effecting a conversion of the Working Capital Note, to the extent that as a result of such conversion, the holder would beneficially own more than 4.99% (subject to waiver) in the aggregate of the issued and outstanding shares of the Company's common stock, calculated immediately after giving effect to the issuance of shares of common stock upon conversion of the Working Capital Note.

On September 28, 2012, the holder of the Working Capital Note exchanged such note for the June 2012 Convertible Notes described below.

The "June 2012 Working Capital Notes"

On June 13, 2012, we sold 10% promissory notes with an aggregate principal amount of $200,000 (the "June 2012 Working Capital Notes") to accredited investors for an aggregate purchase price of $200,000. The principal amount of the June 2012 Working Capital Notes is payable in cash on the date that is the earlier of receipt by the Company of $500,000 or more from any source (other than sales in the ordinary course of business) or three months from the issuance date.

The June 2012 Working Capital Notes bear interest at the rate of 10% per annum. We may prepay any outstanding amounts owing under the June 2012 Working Capital Notes, in whole or in part, at any time prior to the maturity date.

On June 28, 2012, the holders of the June 2012 Working Capital Notes exchanged such notes for the June 2012 Convertible Notes described below.

The "June 2012 Convertible Notes"

On June 28, 2012, we issued 10% convertible promissory notes (the "June 2012 Convertible Notes") with an aggregate principal amount of $455,274 and warrants (the "June 2012 Warrants") to purchase 2,250,000 shares of our common stock at an exercise price of $0.40 per share to the holders of the Working Capital Notes and June 2012 Working Capital Notes with an aggregate amount of principle and accrued interest due as of such date equal to the aggregate principle amount of the June 2012 Convertible Notes. The Working Capital Notes and June 2012 Working Capital Notes were cancelled.

The June 2012 Convertible Notes bear interest at the rate of 10% per annum and mature two years from their issue date. We may prepay any outstanding amounts owing under the June 2012 Convertible Notes, in whole or in part, at any time prior to the maturity date. The entire remaining principal amount and all accrued but unpaid or unconverted interest is due and payable on the earlier of the Maturity Date or the occurrence of an Event of Default (each as defined in the June 2012 Convertible Notes). The June 2012 Convertible Notes are convertible into shares of our common stock at an initial conversion price of $0.20 per share.

The Company is prohibited from effecting a conversion of the June 2012 Convertible Notes or exercise of the June 2012 Warrants, to the extent that as a result of such conversion or exercise, the holder would beneficially own more than 4.99% (subject to waiver) in the aggregate of the issued and outstanding shares of the Company's common stock, calculated immediately after giving effect to the issuance of shares of common stock upon conversion of the June 2012 Convertible Note or exercise of the June 2012 warrant, as the case may be.

The June 2012 Warrants are exercisable immediately and expire ten years after the date of issuance and have an initial exercise price of $0.40 per share. The June 2012 Warrants are exercisable in cash or through a "cashless exercise". We determined that the initial fair value of the June 2012 Warrants was $1,036,042 based on the Black-Scholes option pricing model, which we treated as a liability with a corresponding decrease in the carrying value of the June 2012 Convertible Notes. Under authoritative guidance, the carrying value of the June 2012 Convertible Notes may not be reduced below zero. Accordingly, we recorded interest expense of $580,768, which is the excess of the value of the June 2012 Warrants over the allocated fair value of the June 2012 Convertible Notes, at the date of the issuance. The discount related to the June 2012 Convertible Notes will be amortized over the term of the Notes as interest expense, calculated using an effective interest method.

We determined that, according to ASC 470120-30, a beneficial conversion feature existed based on the intrinsic value of the conversion feature. Due to the fact that the carrying amount of the convertible notes has been reduced to zero, based on the discount allocated from the value of the warrants referred to above, that no beneficial conversion feature is to be recorded. ASC 470-20-30-8 states that if the intrinsic value of the beneficial conversion feature is greater than the proceeds allocated to the convertible instrument, the amount of the discount assigned to the beneficial conversion feature shall be limited to the amount of the proceeds allocated to the convertible instrument.

On October 17, 2013, the holder of the June 2012 Convertible Note with a principal amount of $100,000 converted all amounts due under such Note, consisting of principal of $100,000 and accrued interest of $17,178, into 565,890 shares of the Company's common stock.

On December 19, 2013, the holder of the June 2012 Convertible Note with a principal amount of $355,274 converted all amounts due under such Note, consisting of principal of $355,274 and accrued interest of $49,349, into 2,038,690 shares of the Company's common stock.

As a result of the foregoing, none of the June 2012 Convertible Notes remain outstanding as of December 31, 2013.

The "June 2013 Convertible Note"

On June 20, 2013, the Company issued a convertible promissory note (the "June 2013 Convertible Note") with a principal amount of $50,000 The June 2013 Convertible Note bear interest at the rate of 12% per annum and matures one year from its issue date. We may prepay any outstanding amounts owing under the June 2013 Convertible Note, in whole or in part, at any time prior to the maturity date. The entire remaining principal amount and all accrued but unpaid or unconverted interest is due and payable on the earlier of the Maturity Date or the occurrence of an Event of Default (each as defined in the June 2013 Convertible Notes). The June 2013 Convertible Note is convertible into shares of our common stock at a conversion price equal to the lower of $0.55 per share or 60% of the lowest trade price in the 25 trading days previous to the conversion. In September 2013, the Company paid to the holder all amounts due under the June 2013 Convertible Note in cash and the Note were cancelled.

In September 2013, the Company sold an additional promissory note for an aggregate purchase price of $50,000 with the same terms as described above. In October 2013, the Company paid to the holder all amounts due under the September 2013 Convertible Note in cash and the Note was cancelled.

The "August 2013 Convertible Note"

On August 26, 2013, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with MusclePharm Corp. (the "Buyer") pursuant to which the Company (i) borrowed $2,000,000 and issued a 10% secured convertible promissory note (the "August 2013 Note") due one year from the date of issuance (the "Maturity Date") and issued (ii) warrants (the "August 2013 Warrants") to purchase 10,000,000 shares of the Company's common stock.

The August 2013 Note is convertible into shares of the Company's common stock at an initial conversion price of $0.20 per share, subject to adjustment. The Company may prepay any outstanding amount due under the August 2013 Note, in whole or in part, prior to the Maturity Date. The August 2013 Note is subject to certain "Events of Defaults" which could cause all amounts due and owing thereunder to become immediately due and payable. Among other things, the Company's failure to pay any accrued but unpaid interest when due, the failure to perform any obligation under the Transaction Documents (as defined below) or a determination that any representation or warranty made by the Company in connection with the Transaction Documents shall prove to have been incorrect in any material respect shall constitute an Event of Default under the Transaction Documents.

The August 2013 Warrants are immediately exercisable and expire ten years after the date of issuance. The August 2013 Warrants have an initial exercise price of $0.40 per share. The August 2013 Warrants are exercisable in cash or by way of a cashless exercise while a registration statement covering the shares of Common Stock issuable upon exercise of the Warrants or an exemption from registration is not available. We determined that the initial fair value of the August 2013 Warrants was $2,488,983 based on the Black-Scholes option pricing model, which we treated as a liability with a corresponding decrease in the carrying value of the August 2013 Note. Under authoritative guidance, the carrying value of the August 2013 Note may not be reduced below zero. Accordingly, we recorded interest expense of $488,983, which is the excess of the value of the August 2013 Warrants over the allocated fair value of the August 2013 Note, at the date of the issuance. The discount related to the August 2013 Note will be amortized over the term of the Notes as interest expense, calculated using an effective interest method.

The Company is prohibited from effecting a conversion of the August 2013 Note or exercise of the August 2013 Warrants to the extent that as a result of such conversion or exercise, the Buyer would beneficially own more than 4.99% (subject to waiver) in the aggregate of the issued and outstanding shares of the Company's common stock, calculated immediately after giving effect to the issuance of shares of common stock upon conversion of the August 2013 Note or exercise of the Warrants, as the case may be.

In connection with the sale of the August 2013 Note and the August 2013 Warrants, the Company, the Buyer and the collateral agent for other secured creditors of the Company (including our Chairman, Roberto Prego-Novo) agreed to enter into an Amended and Restated Pledge and Security Agreement (the "Security Agreement" and, collectively with the Securities Purchase Agreement, the Note and the Warrant, the "Transaction Documents") pursuant to which all of the Company's obligations under the August 2013 Note are secured by a perfected security interest in all of the tangible and intangible assets of the Company, including all of its ownership interest in its subsidiaries, pari pasu, with the previous secured creditors, all of which is subordinated to the accounts receivable lender to the Company. Further, pursuant to the Security Agreement, the Note holder, the collateral agent and the prior secured creditors agreed to further subordinate the granted security interest to a security interest previously granted to another investor in the Company.

The Company has granted the Note holder "piggy-back" registration rights with respect to the shares of common stock underlying the August 2013 Note and the shares of common stock underlying the August 2013 Warrants for a period of twelve (12) months from the date of closing.

On October 25, 2013, the Company paid to the Buyer $1,000,000 of principal amount and $32,877 of accrued interest in cash. Also on that date, the Buyer converted the remaining principal balance of $1,000,000 into 5,000,000 shares of the Company's common stock pursuant to the conversion feature contained in the Note and the Note was cancelled.

NOTE 6 – Series A Preferred Stock

On October 25, 2013, the Company closed on the sale of 3,500 shares of Series A Preferred Stock ("Series A Prefs") in a private placement offering to 22 accredited investors for total gross proceeds of $3,500,000. Also, the Series A investors were issued 7,000,000 10-year warrants exercisable at $0.50 per share (the "Series A Warrants"). The Series A Prefs: (i) have a stated value of $1,000, (ii) are convertible at $0.50 per share, subject to customary anti-dilution protection in the case of stock dividends, stock splits, reverse splits, reorganizations and recapitalizations (the "Conversion Price") or a total of 7,000,000 shares of common stock and (iii) provide for 10% dividends per annum payable quarterly on March 31, June 30, September 30, and December 31, beginning on June 30, 2014 and on each conversion date. In lieu of a cash dividend payment, the Company may elect to pay all or part of a dividend in shares of common stock based on a conversion price equal to the lesser of: (i) the Conversion Price and (ii) the average of the volume weighted average prices for the 20 consecutive trading days ending on the trading day that is immediately prior to the dividend payment date. The Company's right to pay a dividend in common stock is subject to the Company meeting certain equity conditions. The holders of Series A: (i) will vote together with the holders of common stock on an as converted basis and (ii) have a liquidation preference over the holders of the Company's common stock.

The Company allocated the proceeds to the Preferred Stock and Warrant based on their relative fair values of $1,358,997 to the preferred stock and $2,141,003 to the warrants. The fair value used to allocate proceeds to the Series A convertible preferred stock was based upon a valuation that considered, among other things, the closing price of the common stock on the date of closing, the impact of the preferred stock on market capitalization on an as converted basis and liquidation preferences. The fair value of the warrants to purchase common stock was estimated using the Black-Scholes option pricing model using the following assumptions: exercise price of $.50; no dividends; term of approximately 10 years; risk free interest rate of .83%; and volatility of 183.9%.

The Company accounted for the difference between the fair value per share of its common stock and the conversion price, multiplied by the number of shares issuable upon conversion, as a "beneficial Conversion Feature" (BCF). The BCF of $4,136,003 was recorded as additional paid-in-capital for common shares, per EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios". The offsetting amount was amortizable over the period from the issue date to the first conversion date. We recorded a deemed dividend of $4,136,003 to the Series A Preferred Stock and amortized it immediately because the Series A Preferred Stock is immediately convertible. As the Company is in an accumulated deficit position, the deemed dividend was charged against additional paid-in-capital for common shares, there being no retained earnings from which to declare a dividend. The net loss attributable to common shareholders reflects both the net loss and the deemed dividend.

On December 17, 2013, the holders of the Series A Prefs converted all of such securities into an aggregate of 7,000,000 shares of the Company's common stock pursuant to the conversion feature contained in the Certificate of Designation for the Series A Prefs. Accordingly, none of the Series A Prefs remain outstanding as of December 31, 2013.

NOTE 7 – Warrants

The "March 2011 Warrants"

In March, 2011, the Company issued the March 2011 Warrants to purchase securities of the Company in the Target Transaction Financing as defined in the governing purchase agreement (Note 5).

The March 2011 Warrants may be exercised immediately and expire five years after the date of issue. Each March 2011 Warrant has an initial exercise price of 120% of the price of the securities sold in the Target Transaction Financing (the "Financing Share Price"). The March 2011 Warrant entitles the holder to purchase the number of shares of Common Stock and/or other securities, including units of securities, sold in the Target Transaction Financing equal to the Warrant Coverage (as defined below) (a) multiplied by the principal amount of the Note (the "Purchase Price") and (b) divided by the Financing Share Price. "Warrant Coverage" means (i) 50% if closed on or prior to 120 days, (ii) 75% if closed after 120 days but before 150 days and (iii) 100% if closed after 150 days after the closing of the Private Placement. The March 2011 Warrant is exercisable in cash or by way of a "cashless exercise" during any period that a registration statement covering the resale of the underlying shares of common stock and/or other securities issuable upon exercise of the March 2011 Warrant, or an exemption from registration is not available. The exercise price of the March 2011 Warrant is subject to a "ratchet" anti-dilution adjustment for a period of one year from the closing of the Private Placement. This adjustment provides that in the event that the Company issues certain securities at a price lower than the then applicable exercise price, the exercise price of the March 2011 Warrant will be immediately reduced to equal the price at which the Company issued the securities.

On February 28, 2012, each holder of March 2011 Warrants entered into a Cancellation Agreement, which provides, among other things, for the cancellation of the March 2011 Warrants. In exchange, the Company issued to the former holders of the March 2011 Warrants a total of 1,000,000 replacement warrants (the "Replacement Warrants"). The Replacement Warrants may be exercised immediately and expire four years after the date of issue. Each Warrant has an initial exercise price of $0.60 per share, subject to adjustment for certain corporate reorganization transactions.

As of December 31, 2013, a total of 1,000,000 Replacement Warrants remain outstanding, with an exercise price of $0.60 per share

The "September 2011 Warrants"

In connection with the sale of the September 2011 Note, we issued the September 2011 Warrant to purchase certain securities of the Company in the Target Transaction Financing (Note 5).

The September 2011 Warrant may be exercised immediately and expires five years after the date of issue. The September 2011 Warrant has an initial exercise price of the lower of $1.80 and 120% of the per share price in the Target Transaction Financing. The September 2011 Warrant entitles the holder to purchase the number of shares of common stock and/or other securities, including units of securities, sold in the PIPE Offering (as defined in the Warrant) equal to the principal amount of the note issued pursuant to the Securities Purchase Agreement, divided by the lower of $1.50 and the per share price in the PIPE Offering. The September 2011 Warrant is exercisable in cash or, while a registration statement covering the resale of the underlying shares of common stock and/or other securities issuable upon exercise of the September 2011 Warrant, or an exemption from registration, is not available, by way of a "cashless exercise". The exercise price of the September 2011 Warrant is subject to a "ratchet" anti-dilution adjustment for a period of one year from the issue date of the September 2011 Warrant. This adjustment provides that in the event that the Company issues certain securities at a price lower than the then applicable exercise price, the exercise price of the September 2011 Warrant shall be immediately reduced to equal the price at which the Company issued the securities.

On November 30, 2011, the holder of the September 2011 Note converted the entire principal amount and accrued interest due with respect to the note into 1,018,356 shares of our common stock and the September 2011 Warrant was cancelled. In exchange, we issued to the holder a Replacement Warrant to purchase 500,000 shares of our common stock at an exercise price of $1.00 per share.

On June 28, 2012, the holder of the Replacement Warrant exercised his right to acquire 500,000 shares of our common stock through the cashless exercise feature and we issued to the holder 375,000 shares of our common stock.

The "January 2012 Warrants"

On January 11, 2012 and January 25, 2012, we sold an aggregate of 1,300,000 units (the "Units") to accredited investors. Each Unit was sold for a purchase price of $0.50 per Unit and consisted of: (i) one share of the Company's common stock and (ii) a four-year warrant to purchase 650,000 shares of common stock at an exercise price of $1.00 per share, subject to adjustment upon the occurrence of certain events (the "January 2012 Warrants"). The exercise price of the January 2012 Warrants is subject to a "ratchet" anti-dilution adjustment for a period of one year from the closing date of the transaction. The January 2012 Warrants may be exercised on a cashless basis after twelve (12) months from the date of closing if there is no effective registration statement covering the resale of the underlying shares of common stock issuable upon exercise of the warrant. The January 2012 warrants provide the holder with "piggyback registration rights", which obligate us to register the common shares underlying the warrants upon request of the holders in the event that we decide to register any of our common stock either for our own account or the account of a security holder (subject to certain exceptions). Based on authoritative guidance, we have accounted for the January 2012 Warrants as liabilities.

As of December 31, a total of 650,000 January 2012 Warrants remain outstanding, with an exercise price of $0.50 per share.

The "February 2012 Warrants"

In connection with the sale of the February 2012 Notes, we issued the February 2012 Warrants entitling the holders to purchase up to 11,500,000 shares of our common stock (Note 5).

The February 2012 Warrants may be exercised immediately, expire ten years from date of issuance and have an exercise price of $0.40 per common share subject to adjustment upon the occurrence of certain events. The exercise price of the February 2012 Warrants is subject to a "ratchet" anti-dilution adjustment for a period of one year from the closing date of the transaction. The February 2012 Warrants contain a "cashless exercise" feature and provide the holder with "piggyback registration rights", which obligate us to register the common shares underlying the February 2011 Warrants upon request of the holder in the event that we decide to register any of our common stock either for our own account or the account of a security holder (subject to certain exceptions). Based on authoritative guidance, we have accounted for the February 2012 Warrants as liabilities. The liability for the warrants, measured at fair value, based on a Black-Scholes option pricing model, has been offset by a reduction in the carrying value of the related February 2012 Notes.

On April 25, 2012, certain holders February 2012 Warrants exercised their right to acquire 3,000,000 shares of our common stock through the cashless exercise feature and we issued to the holders a total of 2,636,804 shares of our common stock.

On July 3, 2012, the remaining holder of February 2012 Warrants exercised its right to acquire 8,500,000 shares of our common stock through the cashless exercise feature and we issued to the holder 7,650,000 shares of our common stock.

The "Advisory and Consulting Warrants"

As part of an Advisory and Consulting Agreement between the Company and Tekesta Capital Partners, in April 2012, we issued 200,000 warrants to purchase the Company's common stock. Based on authoritative guidance, we have accounted for these warrants as liabilities.

The warrants issued under the Advisory and Consulting Agreement may be exercised immediately, expire five years from the date of issuance and have an exercise price of $0.60 per common share and contain a “cashless exercise” feature.

On August 2, 2012, holders of all the outstanding warrants issued under the Advisory and Consulting Agreement exercised their warrants on a cashless basis and received a total of 170,000 shares of the Company’s common stock.

“The June 2012 Warrants”

In connection with the issuance of the June 2012 Notes, we issued the June 2012 Warrants entitling the holders to purchase up to a total of 2,250,000 shares of our common stock (Note 5).

The June 2012 Warrants may be exercised immediately, expire ten years from the date of issuance and have an exercise price of $0.40 per common share subject to adjustment upon the occurrence of certain events. The exercise price of the June 2012 Warrants is subject to a “ratchet” anti-dilution adjustment for a period of one year from the closing date of the transaction. The June 2012 Warrants contain a “cashless exercise” feature. These warrants provide the holder with “piggyback registration rights”, which obligate us to register the common shares underlying the warrants upon the request of the holder in the event that we decide to register any of our common stock either for our own account or the account of a security holder (subject to certain exceptions). Based on authoritative guidance, we have accounted for the June 2012 Warrants as liabilities. The liability for the June 2012 Warrants, measured at fair value, based on a Black-Scholes option pricing model, has been offset by a reduction in the carrying value of the related June 2012 Notes.

On June 28, 2012, the holders of the June 2012 Warrants exercised their rights to acquire 2,250,000 shares of our common stock through the cashless exercise feature and we issued to the holders a total of 2,025,000 shares of our common stock.

“The April 2013 Offering Warrants”

In connection with the issuance of shares in the April 2013 Offering (Note 10) we issued the April 2013 Offering Warrants entitling the holders to purchase up to a total of 1,900,000 shares of our common stock.

The April 2013 Offering Warrants may be exercised immediately, expire five years from the date of issuance and have an exercise price of $0.50 per share, subject to adjustment upon the occurrence of certain events such as stock splits and dividends. The Warrants may be exercised on a cashless basis if at any time there is no effective registration statement covering the resale of the shares of Common Stock underlying the Warrants. The Warrants contain limitations on the holder’s ability to exercise the Warrant in the event such exercise causes the holder to beneficially own in excess of 4.99% of the Company’s issued and outstanding Common Stock, subject to a discretionary increase in such limitation by the holder to 9.99% upon 61 days’ notice.

Based on authoritative guidance, we have accounted for the April 2013 Offering Warrants as liabilities. The liability for the April 2013 Offering Warrants measured at fair value, based on a Black-Scholes option pricing model, has been offset by a reduction in the carrying value of the shares issued in the April 2013 Offering.

The Company paid placement agent fees of $26,500 in cash to a broker-dealer in connection with the sale of the Units. Additionally, the Company issued to the broker-dealer, in connection with the sale of the Units, a warrant to purchase up to 64,000 shares of common stock with substantially the same terms as the Warrants issued to the Investors.

On October 18, 2013, an investor holding 100,000 warrants cashlessly exercised the warrants and received 29,069 shares. Accordingly, as of December 31, 2013, 1,864,000 warrants remain outstanding.

"The August 2013 Warrants"

In connection with the issuance of the August 2013 Note, we issued the August 2013 Warrant entitling the holders to purchase up to a total of 10,000,000 shares of our common stock (Note 5).

The August 2013 Warrant expires ten years from the date of issuance and has an exercise price of $0.40 per share subject to adjustment upon the occurrence of certain events such as stock splits and dividends. The exercise price of the August 2013 Warrant is subject to a "ratchet" anti-dilution adjustment for a period of one year from the closing date of the transaction. The August 2013 Warrant contains a cashless exercise feature. The warrant provides the holder with piggyback registration rights, which obligate us to register the shares underlying the warrant upon the request of the holder in the event that we decide to register any of our common stock either for our own account or the account of a security holder (subject to certain exceptions). Based on authoritative guidance, we have accounted for the August 2013 Warrant as a liability. The liability for the August 2013 Warrant, measured at fair value, based on a Black-Scholes option pricing model, has been offset by a reduction in the carrying value of the related August 2013 Note.

As of December 31, 2013, 10,000,000 warrants remained outstanding.

The "Series A Warrants"

In connection with the issuance of the Series A Prefs shares in October 2013 Offering (Note 6) we issued the Series A Warrants entitling the holders to purchase up to a total of 7,000,000 shares of our common stock.

The Series A Warrants expire ten years from date of issuance and have an exercise price of $0.50 per common share. The Series A Warrants contain a "cashless exercise" feature and provide the holder with "piggyback registration rights", which obligate us to register the common shares underlying the Series A Warrants upon request of the holder in the event that we decide to register any of our common stock either for our own account or the account of a security holder (subject to certain exceptions).

Based on authoritative guidance, we have accounted for the Series A Warrants as equity.

NOTE 8 – Income Taxes

The reconciliation of income tax benefit at the U.S. statutory rate of 34% for the years ended December 31, 2013 and 2012 to the Company's effective tax rate is as follows:

	Years Ended	
	December 31, 2013	December 31, 2012
U.S. federal statutory rate	(34)%	(34)%
State income tax, net of federal benefit	(6)%	(6)%
Permanent differences	69%	67%
Change in valuation allowance	(29)%	(27)%
Income Tax provision (benefit)	0%	0%

The benefit for income tax is summarized as follows:

	Years Ended	
	December 31, 2013	December 31, 2012
Federal:		
Current	$ -	$ -
Deferred	(1,187,721)	(894,135)
State:		
Current		
Deferred	(209,598)	(157,789)
Change in valuation allowance	1,397,319	1,051,924
Income Tax provision (benefit)	$ -	$ -

The tax effects of temporary differences that give rise to the Company's net deferred tax liability as of December 31, 2013 and 2012 are as follows:

	Years Ended	
	December 31, 2013	December 31, 2012
Deferred Tax Assets		
Net operating losses	$ 5,278,000	$ 2,172,000
Allowance for doubtful accounts	-	18,447
	5,278,000	2,190,447

Less: Valuation allowance	(5,278,000)	(2,190,447)
	$ -	$ -

As of December 31, 2013 and 2012, the Company had approximately $5,400,000 and $2,500,000 of federal and state net operating loss carryovers (“NOLs”) which begin to expire in 2028. Utilization of the NOLs may be subject to limitation under the Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under regulations. The change in ownership of the Company that occurred in June 2011 resulted in an annual limitation on the usage of the Company’s pre-acquisition net operating loss carryforwards.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the assessment, management has established a full valuation allowance against the entire deferred tax asset relating to NOLs for every period because it is more likely than not that all of the deferred tax asset will not be realized.

The Company files U.S. federal and states of California tax returns that are subject to audit by tax authorities beginning with the year ended December 31, 2009. The Company's policy is to classify assessments, if any, for tax and related interest and penalties as tax expense.

NOTE 9 – Contingencies

Employment Agreements

On June 30, 2011, the Company entered into three year executive employment agreements with three stockholders, Brian Keller, Christian Oertle and Daniel Fisher, to serve as our President, Chief Operating Officer and Executive Vice President, respectively. The agreements with Messrs. Keller and Fisher provide for annual salaries of $200,000 each and the agreement with Mr. Oertle provides for an annual salary of $150,000. Pursuant to the terms of the agreements, each of these stockholders is eligible to participate in the Company's long term incentive compensation programs and is entitled to an annual bonus if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board, subject to certain claw back rights. The agreements provide for payments of six months' severance in the event of early termination (other than for cause).

On January 30, 2012, Mr. Fisher was removed from his position as Executive Vice President for cause. Pursuant to his employment agreement, Mr. Fisher was entitled to accrued salary through the date of termination. In addition, Mr. Fisher claimed pay for accrued vacation and has demanded delivery to him of 6,650,000 shares of the Company's common stock. On September 5, 2013, the Company, Mr. Fisher and the parties named in the action, *Fisher v. BioZone Pharmaceuticals, Inc. et al.,* No. 12-CV-03450 (WHA) (LB) (the "Lawsuit") reached a full, final and binding resolution and release of the claims raised in the Lawsuit.

Effective January 2, 2014, in connection with the sale of the Company's discontinued operations, each of Mr. Keller and Mr. Oertle, entered into Separation and Release Agreements with the Company pursuant to which they resigned from their positions with the Company.

Leases

In July 2011, we entered into a lease for approximately 3,869 square feet of laboratory space in Princeton, New Jersey where previously we conducted research and development activities related to our proprietary drug delivery technology. The lease expires on July 20, 2016. Rent expense is $8,065 per month. In September 2012, we terminated research and development activities at this location, including personnel connected with such efforts and our former consultant. Dr. Nian Wu, a former consultant to the Company, agreed to use his best efforts to assume the lease of the facility pursuant to the terms of his Separation Agreement. Currently, Dr. Wu subleases the laboratory space on a month to month basis at a rent equal to the amount due by the Company under its head lease.

Litigation

None

NOTE 10. Capital Deficiency

On January 11, 2012 and January 25, 2012, the Company sold an aggregate of 1,300,000 Units to accredited investors. Each Unit was sold for a purchase price of $0.50 per Unit and consists of: (i) one share of Common Stock and (ii) a four-year warrant to purchase 0.5 share of Common Stock purchased at an exercise price of $1.00 per share, subject to adjustment upon the occurrence of certain events.

On March 1, 2012, the Company issued 455,000 shares of its common stock to certain individuals who previously purchased shares of the Company's common stock on November 3, 2011 at a purchase price of $1.00 per share.

On April 25, 2012, the Company issued 2,636,804 shares of common stock upon the cashless exercise of warrants to purchase 3,000,000 shares.

On June 28, 2012, the Company issued 2,400,000 shares of common stock upon the cashless exercise of warrants to purchase 2,750,000 shares.

On July3, 2012, the Company issued 7,650,000 shares of common stock upon the cashless exercise of warrants to purchase 8,500,000 shares.

On September 28, 2012 the Company cancelled 6,650,000 shares of common stock which were previously issued to Dr. Nian Wu in connection with the acquisition of certain patent rights for Biozone Laboratories, Inc. As consideration for the cancellation, Mr. Wu agreed to the cancellation of a license agreement between Mr. Wu and the Company.

On April 12, 2013, the Company sold an aggregate of 2,000,000 Units with gross proceeds to the Company of $500,000 to accredited investors. On April 18, 2013, the Company sold an additional 1,200,000 Units to additional accredited Investors with gross proceeds to the Company of $300,000. On 25, 2013, the Company sold an additional 600,000 Units to additional accredited Investors with gross proceeds to the Company of $150,000. Each Unit was sold for a purchase price of $0.25 per Unit and consisted of: (i) one share of the Company’s common stock and (ii) a five-year warrant to purchase 0.5 share of Common Stock purchased at an exercise price of $0.50 per share, subject to adjustment upon the occurrence of certain events. On April 29, 2013, the Company issued 2,518,356 shares of its common stock to certain individuals who previously purchased shares of the Company's common stock in January 2012 at a purchase price of $0.50 per share.

On June 20, 2013 and November 8, 2013, the Company issued 150,000 and 5,036,986 shares of its common stock, respectively in settlement of litigation claims.

From October 7 through October 9, 2013, the Company issued an aggregate of 4,080,943 shares of common stock to seven note holders upon conversion of all amounts due under the Company’s convertible promissory notes at the stated conversion price of $0.20 per share.

On October 4, 2013 and October 11, 2013, the Company issued 442,204 and 1,000,000 shares of its common stock, respectively, to two consultants as payment in full for services previous rendered to the Company.

From October 14 through November 20, 2013, the Company issued an aggregate of 7,801,381 shares of to cancel outstanding debt of the Company and BioZone Labs.

On October 17, 2013, the Company issued 29,069 shares of common stock upon the cashless exercise of warrants to purchase 100,000 shares.

On October 17, 2013, the Company issued 565,890 shares of common stock to a note holder upon conversion of all amounts due under the Company’s convertible promissory note at the stated conversion price of $0.20 per share.

On November 13, 2013, the Company issued an aggregate of 200,000 shares of its common stock, to three consultants as payment in full for services previous rendered to the Company.

On November 21, 2013, the Company issued 585,890 shares of common stock to a note holder upon conversion of all amounts due under the Company's convertible promissory note at the stated conversion price of $0.20 per share.

On December 11, 2013 and December 19, 2013, the Company issued 5,000,000 and 12,084,991 shares of common stock, respectively, to note holders upon conversion of all amounts due under the Company's convertible promissory notes at the stated conversion price of $0.20 per share.

On December 17, 2013, the Company issued an aggregate of 7,000,000 shares of common stock to the holders of the Company's Series A Preferred Stock at the stated conversion price of $0.50 per share.

NOTE 11 - Subsequent Events

Management has evaluated events occurring after the date of these financial statements through the date these financial statements were issued. There were no material subsequent events as of that date other than disclosed below.

On January 2, 2014, the Company sold substantially all its operating assets, including its manufacturing facility in California, to Musclepharm Corporation ("Musclepharm"), a public company trading on the OTCBB, in exchange for 1,200,000 shares of Musclepharm common stock of which 600,000 shares were placed into escrow for a period of 9 months to cover indemnification obligations. The remaining 600,000 non-escrowed shares were issued to the Company upon closing and are subject to a lockup agreement that permits private sales. This transaction occurred immediately prior to the merger described below.

Effective January 2, 2014, the Company merged with Cocrystal Discovery, Inc. ("Cocrystal") a private biotech company, in the form of a reverse merger. Cocrystal is considered the accounting acquirer as its shareholders own 60% of the combined entity after the merger. In connection with the merger agreement, the Company issued to Cocrystal's security holders a total of 1,000,000 shares of the Company's Series B Convertible Preferred Stock ("Series B"). The Series B shares: (i) automatically convert into shares of the Company's common stock at a rate of 205.08308640 shares for each share of Series B at such time that the Company has sufficient authorized capital, (ii) are entitled to vote on all matters submitted to shareholders of the Company and vote on an as converted basis and (iii) have a nominal liquidation preference. Additionally, the Company assumed all of the outstanding stock options under the Cocrystal 2007 Equity Incentive Plan.

The merger with Cocrystal will be treated as a recapitalization for accounting purposes and no goodwill or other intangible assets will be recorded by the Company as a result of the merger because the Company had no operations upon the merger taking place.

On January 16, 2014, the Company closed on the sale of 5,500,000 shares of common stock in a private placement offering to eight accredited investors in exchange for $2,750,000. The investors were also issued 5,500,000 10-year warrants exercisable at $0.50 per share. The net proceeds to the Company were $2,612,500.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

Not applicable.

Item 9A. Controls and Procedures

The information in this Item 9A relates to our prior management and legacy business. Because our current management did not hold any positions with us until the closing of the Cocrystal Discovery merger on January 2, 2014, we are relying upon information imparted by our former Chief Executive Officer as to our controls as of December 31, 2013. Current management believes that its controls are effective.

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of December 31, 2013, the fiscal year end covered by this report, our management concluded its evaluation of the effectiveness of the design and operation of our disclosure controls and procedures.

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Our management does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

With respect to the fiscal year ending December 31, 2013, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934. Based upon our evaluation regarding the fiscal year ending December 31, 2013 (as limited by the first paragraph of this Item 9A), concluded that its disclosure controls and procedures were not effective due to insufficient personnel to properly prepare, implement and monitor adequate controls and procedures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in 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 December 31, 2013. 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. During our assessment of the effectiveness of internal control over financial reporting as of December 31, 2013, we identified numerous material weaknesses as described below:

Financial Reporting Process

Description of Material Weakness as of December 31, 2013

Cocrystal 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, appropriate account closing procedures, and appropriate reconciliation processes. Also, Cocrystal lacked documented procedures included documentation related to testing of processes, data validation procedures from the systems into the general ledger, testing of systems, validation of results, disclosure review, and other analytics. Furthermore, Cocrystal lacked sufficient personnel to properly segregate duties.

Information Technology Systems

Description of Material Weakness as of December 31, 2013

Cocrystal did not maintain effective internal control over financial reporting related to certain information technology applications and general computer controls that are considered to have an impact on financial reporting and that resulted in a more than reasonable possibility that material misstatements in our financial statements would not be prevented or detected.

Specifically, we lacked effective controls in the following areas:

Access Control — Cocrystal did not maintain effectively designed controls to prevent unauthorized access to certain programs and data, and provide for periodic review and monitoring of access including reviews of security logs and analysis of segregation of duties conflicts.

Change Management — Cocrystal did not maintain effectively designed controls to ensure that all information technology program and data changes were authorized, developer access to the production environment was limited, and that all program and data changes were adequately tested for accuracy and appropriate implementation.

Spreadsheets — Cocrystal did not maintain effectively designed controls to ensure that critical spreadsheets were identified, access to these spreadsheets was restricted to appropriate personnel, changes to data or formulas were authorized and appropriate, or that the spreadsheets were adequately reviewed by someone other than the preparer.

Therefore, our internal controls over financial reporting were not effective as of December 31, 2013.

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.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Dr. Gary Wilcox, Ph.D., Chairman and CEO

Dr. Wilcox has been Chairman and CEO of Cocrystal since January 2, 2014. He is a co-founder of Cocrystal and has also been Chairman since 2007 and CEO since 2008. Dr. Wilcox currently serves as a director of the Daily Journal Corporation (NASDAQ:DJCO) a publisher of newspapers, websites and California Lawyer magazine. It also supplies case management software systems to courts and other justice agencies. He was Executive Vice President of Operations and a member of the board of directors of Icos Corporation (NASDAQ:ICOS) from 1993-2007, where he played a key role in the development of Cialis, a drug with annual sales of $2 billion. In 1982, Dr. Wilcox co-founded Ingene Inc. (NASDAQ:IGEI), serving as its Chairman, President and CEO through private financings, an IPO and a successful merger with XOMA Corporation (NASDAQ:XOMA) in 1989. From 1989-1993 he was Vice Chairman of the Board of Directors and Executive Vice President of Xoma. From 1974 until 1984, Dr. Wilcox was a Professor of Microbiology and a member of the Molecular Biology Institute at UCLA. He has served on 15 boards of directors including NASDAQ, New York and London stock exchange companies as well as private technology companies. Dr. Wilcox is 67 years old.

Dr. Wilcox's qualifications to serve on our Board of Directors include his position as our Chairman and Chief Executive Officer, his 30 years of experience as an executive in biotechnology companies, and his technical expertise in drug discovery and development. Dr. Wilcox was appointed Chairman and Chief Executive Officer in connection with the January 2014 merger transaction described elsewhere in this Report.

Sam Lee, Ph.D., President and Director

Dr. Sam Lee has served as President and a director of Cocrystal since January 2, 2014. He is a co-founder of Cocrystal Discovery and has been President and a director of Cocrystal Discovery since 2007. He has 17 years of anti-infective drug discovery research experience. Prior to being a co-founder of Cocrystal, he managed anti-infective, oncology, and inflammation drug discovery projects for eight years at ICOS Corporation. Dr. Lee was responsible for incorporating protein crystallography and structural biology approaches into ICOS research. He received his Ph.D. in Biological Sciences from the University of Notre Dame, and completed postdoctoral training in viral replication biochemistry with Dr. I. R. Lehman at Stanford University. While at Stanford, Dr. Lee founded and was CEO of Viral Assays in Cupertino, CA. Dr. Lee is 54 years old.

Dr. Lee's qualifications to serve on our board include his expertise in viral replication biochemistry, management of drug discovery groups, and his experience in the biotechnology industry. Dr. Lee was appointed to serve as President and as a director in connection with the January 2014 merger transaction described elsewhere in this Report.

Gerald McGuire, Chief Financial Officer and Treasurer

Mr. McGuire has been Cocrystal's Chief Financial Officer and Treasurer since January 2, 2014 and has been interim Chief Financial Officer of Cocrystal Discovery since April 2012. Since 1990, Mr. McGuire has served as a consulting Chief Financial Officer at Forte Design Systems, Inc., a provider of high-level synthesis software products. Since November 2011, Mr. McGuire has served as a consulting Chief Financial Officer at Yapta, Inc., a travel technology company. From 2007 until August 2009, Mr. McGuire was an outsourced Chief Financial Officer at vCFO Holdings, Inc., a financial consulting business. Mr. McGuire is 66 years old.

Mr. McGuire was appointed Chief Financial Officer and Treasurer in connection with the January 2014 merger transaction described elsewhere in this Report.

Phillip Frost, M.D., Director

Dr. Frost has been a director of Cocrystal since January 2, 2014 and has been a director of Cocrystal Discovery since 2008. He is a renowned entrepreneur and philanthropist. He has served as CEO and chairman of OPKO Health Inc. (NASDAQ:OPKO), a multi-national pharmaceutical and diagnostics company and an affiliate of Cocrystal since 2007. Dr. Frost has been the Chairman of the Board of Teva Pharmaceutical Industries Limited or Teva (NYSE:TEVA) since March 2010, and had previously been Vice Chairman since January 2006 when Teva acquired IVAX Corporation. Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX since 1987. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1986. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc. (NYSE MKT:LTS), an investment banking, asset management, and securities brokerage firm in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 2002 and again since 2004. He serves as a member of the Board of Trustees of the University of Miami and as a Trustee of the Miami Jewish Home for the Aged and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands (NYSE MKT:ROX), a developer and marketer of premium brand spirits. Dr. Frost previously served as a director for Continucare Corporation, Northrop Grumman Corp., and Ideation Acquisition Corp., as Governor and Co-Vice-Chairman of the American Stock Exchange (now NYSE MKT), and as a member of the Board of Trustees of the Scripps Research Institute until November 2012. Dr. Frost is 77 years old.

Dr. Frost has successfully founded several pharmaceutical companies and overseen the development and commercialization of a multitude of pharmaceutical products. This combined with his experience as a physician and chairman and/or chief executive officer of large pharmaceutical companies has given him insight into virtually every facet of the pharmaceutical business and drug development and commercialization process. He is a demonstrated leader with keen business understanding and is uniquely positioned and qualified to serve on our Board of Directors and help guide Cocrystal through a rapid growth period. Dr. Frost was appointed to serve as a director in connection with the January 2014 merger transaction described elsewhere in this Report.

Jane H. Hsiao, Ph.D., M.B.A., Director

Dr. Hsiao has been a director of Cocrystal since January 2, 2014 and has been a director of Cocrystal Discovery since 2008. She has served as Vice-Chairman and Chief Technical Officer of OPKO Health, Inc. (NASDAQ:OPKO), a multi-national pharmaceutical and diagnostics company and an affiliate of Cocrystal since 2007. Dr. Hsiao served as the Vice Chairman-Technical Affairs of IVAX from 1995 to January 2006. She served as Chairman, Chief Executive Officer and President of IVAX Animal Health, IVAX's veterinary products subsidiary, from 1998 to 2006. Prior to its merger with TransEnterix (OTCBB:TRXC), Dr. Hsiao served as Chairman of the Board of SafeSitch Medical, Inc. (OTCBB:SFES), She also serves as Chairman of the Board and interim CEO of Non-Invasive Monitoring Systems Inc. (OTCBB:NIMU), a medical device developer. Dr. Hsiao also currently serves on the board of Neovasc, Inc. (TSXV:NVC), a company developing and marketing medical specialties in vascular devices. She previously served as a director for Sorrento Therapeutics, Inc. (OTCBB:SRNE), a development stage biopharmaceutical company. Dr. Hsiao is 66 years old.

Dr. Hsiao's qualifications to serve on our Board of Directors include her background in pharmaceutical chemistry and strong technical expertise, as well as her senior management experience at IVAX and OPKO. In addition, as a result of her role as director and/or chairman of other companies in the biotechnology and life sciences space, she has a keen understanding and appreciation of the many regulatory and development issues confronting pharmaceutical and biotechnology companies. Dr. Hsiao was appointed to serve as a director in connection with the January 2014 merger transaction described elsewhere in this Report.

Roger D. Kornberg, Ph.D., Director and Chief Scientist

Dr. Kornberg has served as the Chief Scientist and a director of Cocrystal since January 2, 2014. He is a co-founder and the Chief Scientist of Cocrystal and has served as a director of Cocrystal Discovery since 2008. He is a member of the U.S. National Academy of Sciences and is the Winzer Professor of Medicine in the Department of Structural Biology at Stanford University, Stanford, California. He has been a member of the faculty of Stanford University since 1972. Prior to that, he was a professor at Harvard Medical School. Dr. Kornberg is a renowned biochemist and in 2006 he was awarded the Nobel Prize in Chemistry in recognition for his studies of the molecular basis of eukaryotic transcription, the process by which DNA is copied to RNA. He is also the recipient of many awards, including the 2001 Welch Prize, the highest award granted in the field of chemistry in the United States, and the 2002 Leopold Mayer Prize, the highest award granted in the field of biomedical sciences from the French Academy of Sciences. Dr. Kornberg served as a director of Teva Pharmaceutical Industries, Limited (NASDAQ:TEVA) from 2007 – 2013 and is a director of Protalix BioTherapeutics, Inc. and OphthaliX, Inc. He received his B.S. in Chemistry from Harvard University in 1967 and his Ph.D. in Chemistry from Stanford University in 1972. He holds honorary degrees from universities in Europe and Israel, including the Hebrew University in Jerusalem, where he is a visiting professor. Dr. Kornberg is 66 years old.

Dr. Kornberg's qualifications to serve on our Board of Directors include his expertise in chemistry and medicine, his service on the boards of biotech and pharmaceutical companies, and his experience in the academic arena. Dr. Kornberg was appointed to serve as a director in connection with the January 2014 merger transaction described elsewhere in this Report.

Steven D. Rubin, Director

Mr. Rubin has been a director of Cocrystal since January 2, 2014 and a director of Cocrystal Discovery since 2008. He has served as Executive Vice President—Administration of OPKO Health, Inc. (NASDAQ:OPKO), a multi-national pharmaceutical and diagnostics company and an affiliate of Cocrystal since May 2007. He has been a director of OPKO since February 2007. Mr. Rubin served as the Senior Vice President, General Counsel and Secretary of IVAX from August 2001 until September 2006. Mr. Rubin currently serves on the Board of Directors of Tiger Media, Inc., (NYSE MKT:IDI), a multi-platform billboard and advertising company in China, Kidville, Inc. (OTCBB:KVIL), which operates large, upscale facilities, catering to newborns through five-year-old children and their families, Non-Invasive Monitoring Systems, Inc. (OTCBB:NIMU), a medical device company, Tiger X Medical, Inc. (OTCBB:CDOM), previously an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, Castle Brands, Inc. (NYSE MKT:ROX), a developer and marketer of premium brand spirits, and Neovasc, Inc. (TSXV:NVC), a company developing and marketing medical specialty vascular devices. Mr. Rubin is 53 years old.

Mr. Rubin’s qualifications to serve on our board include extensive leadership, business, and legal experience, as well as tremendous knowledge of our business and the pharmaceutical industry generally. He has advised pharmaceutical companies in several aspects of business, regulatory, transactional, and legal affairs for more than 24 years. His experience as a practicing lawyer, general counsel, and board member to multiple public companies, including several pharmaceutical and life sciences companies, has given him broad understanding and expertise, particularly relating to strategic planning and acquisitions. Mr. Rubin was appointed to serve as a director in connection with the January 2014 merger transaction described elsewhere in this Report.

Our Board, in the exercise of its reasonable business judgment, has determined that each of Cocrystal’s directors qualifies as an independent director pursuant to the Nasdaq rules and applicable SEC rules and regulations, with the exception of Dr. Gary Wilcox and Dr. Sam Lee, who are employed as executive officers. In considering Dr. Phillip Frost’s independence, the Board considered the large beneficial ownership position beneficially owned by entities that Dr. Frost controls.

Code of Ethics

We have not adopted a Code of Ethics but intend to do as soon as practicable.

Audit Committee

We do not currently have a separately-designated standing Audit Committee. Our entire Board of Directors presently acts as our audit committee. We do not currently have an individual serving on our Board of Directors who the Board of Directors has determined to qualify as an Audit Committee Financial Expert as such term is defined under the applicable SEC rules. However, the Board has determined that, due to the Board members' many years of business and finance experience, including service with public companies, as described above, they have the collective experience, attributes and abilities to effectively perform our required Audit Committee functions.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

We do not currently have an Audit Committee. The policy of our Board of Directors, which acts as our Audit Committee, is to pre-approve all audit and permissible non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to our Board of Directors regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Board of Directors may also pre-approve particular services on a case-by-case basis.

Item 11. Executive Compensation

2013 Summary Compensation Table

The following information is related to the compensation paid, distributed or accrued by us to those persons serving as our Chief Executive Officer (principal executive officer) during 2013 and the two other most highly compensated executive officers serving at the end of the last fiscal year whose total compensation exceeded $100,000. We refer to these persons as the "Named Executive Officers." Subsequent to the end of December 31, 2013, the Named Executive Officers resigned from their positions in connection with the January 2, 2014 merger transactions described above under Item 1, "Business" (the "Merger").

Name and Principal Position	Year Ended	Salary ($)	Bonus ($)	All Other Compensation ($) (1)	Total ($)
Elliot Maza	2013	371,868			371,868
Former CEO and CFO	2012	250,000	300,000	23,694	573,694
Brian Keller	2013	310,135			310,135
Former President and CSO	2012	133,000	43,113	22,848	198,961
Christian Oertle	2013	198,750			198,750
Former COO	2012	100,000	5,000		105,000

(1) The compensation amount set forth represents reimbursement of medical and dental insurance, life insurance, and auto expenses.

Employment Agreements (Other than 2013 Named Executive Officers)

Subsequent to the end of the last fiscal year, in connection with the Merger, Cocrystal entered into employment agreements with Gary Wilcox, the Company's Chief Executive Officer, and Sam Lee, Cocrystal's President, both of which are described below.

Gary Wilcox

Mr. Wilcox's employment agreement provides for: (i) an annual salary of $250,000, (ii) an annual target bonus equal to 50% of base salary, and (iii) 24,598,073.50 stock options of which 25% vest on January 2, 2015 and the remaining vest thereafter in 36 equal monthly increments.

Sam Lee

Dr. Lee's employment agreement provides for: (i) an annual salary of $180,000, (ii) an annual target bonus equal to 25% of base salary, and (iii) 6,149,518.38 stock options of which 25% vest on January 2, 2015 and the remaining vest thereafter in 36 equal monthly increments.

Gerald McGuire

In March 2014, we created a Compensation Committee (the "Committee") comprised of Drs. Gary Wilcox and Phillip Frost and Mr. Steven Rubin. The Committee approved a one-year employment agreement (effective January 2, 2014) providing for Mr. McGuire to receive a salary of $100,000 per year and receive a grant of 1,000,000 stock options vesting monthly over the term.

The Board has the discretion to award annual bonuses to Drs. Wilcox and Lee and Mr. McGuire. The stock options under their employment agreements have not been awarded. The agreements require the Board of Directors to approve the grants following the Merger.

Other Compensation Arrangements

Executive Officer Compensation Arrangements

Elliot Maza

Elliot Maza was appointed as Interim Chief Executive Officer, Chief Financial Officer and Secretary on May 16, 2011, and appointed as Chief Executive Officer on August 2, 2011. Mr. Maza resigned on January 2, 2014 in connection with the Merger.

Brian Keller

On June 30, 2011, we entered into a three year employment agreement with Dr. Keller in consideration for an annual salary of $200,000. Mr. Keller's employment agreement was terminated in connection with the Merger.

Christian Oertle

On June 30, 2011, we entered into a three year employment agreement with Mr. Oertle in consideration for an annual salary of $200,000. Mr. Oertle's employment agreement was terminated in connection with the Merger.

Termination

Dr. Keller and Mr. Oertle were entitled to severance payments in the event that their employment was terminated under certain circumstances. Both of these Named Executive Officers resigned from Cocrystal in connection with the Merger and are not entitled to any severance.

Outstanding Equity Awards at Fiscal Year-End

There were no outstanding equity awards issued to our Named Executive Officers as of December 31, 2013.

Director Compensation

In 2013, Cocrystal did not compensate the members of its Board for service as directors.

Equity Compensation Plan Information

As of December 31, 2013, Cocrystal had not adopted a stock incentive plan or granted options during 2013. In 2014, in connection with the Merger, Cocrystal adopted Cocrystal Discovery's 2007 Equity Incentive Plan (the "Plan"). The Plan authorizes the issuance of 53,599,046 shares of common stock to directors, officers and consultants. A total of 4,402,899 options were assumed and 4,227,618 are presently outstanding.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following tables set forth certain information as of March 24, 2014 regarding the beneficial ownership of our outstanding voting power, by (i) each person or entity who, to our knowledge, owns more than 5% of our common stock; (ii) our Named Executive Officers; (iii) each director; and (iv) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o Cocrystal Pharma, Inc., 19805 North Creek Parkway, Bothell, Washington, 98011.

Title of Class	Beneficial Owner	Amount and Nature of Beneficial Owner (1)	Percent of Class (1)
Directors and Executive Officers:			
			%
Common Stock	Gary Wilcox (2)	16,835,237	5.2%
Common Stock	Sam Lee (3)	15,287,847	4.7%
Common Stock	Roger Kornberg (4)	15,287,847	4.7%
Common Stock	Phillip Frost (5)	101,112,572	31.1%
Common Stock	Jane Hsiao (6)	5,496,654	1.7%
Common Stock	Steven Rubin (7)	639,920	0.2%
Common Stock	Elliott Maza (8)	3,587,500	1.1%
Common Stock	Brian Keller (9)	3,154,000	1.0%
Common Stock	Christian Oertle (10)	144,918	0.0
Common Stock	All directors and executive officers as a group (6 persons)	154,660,077	47.5%
5% Stockholders:			
Common Stock	Frost Gamma Investments Trust (11)	101,112,572	31.1%
Common Stock	OPKO Health, Inc. (12)	54,589,542	16.8%

* Less than 1%.

(1) Applicable percentages are based on 120,500,609 shares of common stock outstanding and 205,083,086 shares of common stock underlying outstanding Series B Preferred Stock (the "Series B") (which vote on an as converted basis) as of March 24, 2014. Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants, and preferred stock currently exercisable or convertible within 60 days are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. The table includes shares of common stock, preferred stock, options, and warrants exercisable or convertible into common stock and vested or vesting within 60 days. Unless otherwise indicated in the footnotes to this table, we believe that each of the stockholders named in the table has sole voting and investment power with respect to the shares of common stock indicated as beneficially owned by them. Each share of Series B converts into 205.08308640 shares of common stock.

(2) Dr. Wilcox is an executive officer and a director. Represents shares of shares of common stock issuable upon conversion of Series B.

(3) Dr. Lee is an executive officer and a director. Represents shares of common stock issuable upon conversion of Series B.

(4) Dr. Kornberg is a director. Represents shares of common stock issuable upon conversion of Series B.

(5) Dr. Frost is a director. Includes: (i) 8,640,190 shares of common stock, (ii) 87,726,389 shares of common stock issuable upon conversion of Series B and (iii) 200,000 warrants held by Frost Gamma Investments Trust. Frost Gamma L.P. is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma L.P. The general partner of Frost Gamma L.P. is Frost Gamma, Inc., and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation. Also includes: (i) 4,545,993 shares of common stock held by The Frost Group, LLC, of which Frost Gamma Investments Trust is a principal member and (ii) the securities held by OPKO Health, Inc. (see Footnote 12 below). Dr. Frost disclaims beneficial ownership of the securities held by Frost Gamma Investments Trust, The Frost Group, LLC and OPKO Health, Inc.

(6) Dr. Hsiao is a director. Represents shares of common stock issuable upon conversion of Series B held by Hsu Gamma Investment, L.P, for which Dr. Hsiao serves as General Partner. Does not include 4,545,993 shares of common stock held by Frost Group, LLC, of which Dr. Hsiao is a member. Dr. Hsiao disclaims beneficial ownership of the shares of common stock held by The Frost Group, LLC, except to the extent of any pecuniary interest therein.

(7) Mr. Rubin is a director. Represents 530,000 shares of common stock and 109,920 shares of common stock issuable upon conversion of Series B. Does not include 4,545,993 shares of common stock held by Frost Group, LLC, of which Mr. Rubin is a member. Mr. Rubin disclaims beneficial ownership of the shares of common stock held by The Frost Group, LLC, except to the extent of any pecuniary interest therein.

(8) Mr. Maza is a former executive officer and is included in this table because under SEC rules he is a Named Executive Officer for 2013. Represents shares of common stock. Includes shares which are pledged as security for the repayment of a loan.

(9) Mr. Keller is a former executive officer and is included in this table because under SEC rules he is a Named Executive Officer for 2013. Represents shares of common stock.

(10) Mr. Oertle is a former executive officer and is included in this table because under SEC rules he is a Named Executive Officer for 2013. Represents shares of common stock.

(11) Dr. Frost has voting and investment control over the securities held by Frost Gamma Investments Trust. See Footnote 8 above. Includes: (i) 8,640,190 shares of common stock, (ii) 87,726,389 shares of common stock issuable upon conversion of Series B and (iii) 200,000 warrants held by Frost Gamma Investments Trust. Also includes 4,545,993 shares of common stock held by The Frost Group, LLC, of which Frost Gamma Investments Trust is a principal member. Frost Gamma Investments Trust disclaims beneficial ownership of the securities held by The Frost Group, LLC, except to the extent of its pecuniary interest therein. Address is 4400 Biscayne Boulevard, Miami, FL 33137.

(12) While Dr. Frost is the Chief Executive Officer and Chairman of OPKO Health, Inc., he does not hold voting and investment control over the securities held by OPKO Health, Inc. Includes 1,000,000 warrants and 34,893,241 shares of common stock issuable upon conversion of Series B. Address is 4400 Biscayne Boulevard, Miami, FL 33137.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Except for the 2014 investment described in the next paragraph, all of the related person transactions relate to our legacy business or a financing to support the legacy business.

In January 2014, OPKO Health, Inc. ("OPKO") invested $500,000 and received 1,000,000 shares of common stock and 1,000,000 10-year warrants exercisable at $0.50 per share. The terms of the investment were identical to investments made by other non-affiliated investors in the offering.

In 2012, Cocrystal sold a $2,155,274 of convertible notes to three related parties in private placement offerings on terms identical to other investors in the offerings. OPKO, Frost Gamma Investments Trust and an entity controlled by Robert Prego-Novo, Cocrystal's former Chairman of our Board, invested $1,700,000, $355,274 and $100,000, respectively. The investors were also issued five warrants for every $1 invested. The notes were convertible at $0.20 per share and the warrants were exercisable at $0.40 per share. All of the notes were converted and the warrants were cashlessly exercised.

Prior to the sale of Cocrystal's assets to MusclePharm, we manufactured our products in a manufacturing and laboratory facility located in Pittsburg, CA, which we rented from 580 Garcia Properties, LLC, a company which we believe Mr. Daniel Fisher ("Fisher"), a former director and Executive Vice President, directly or indirectly owned. We paid $442,623 and $466,414 in rent for the years ended December 31, 2013 and 2012, respectively.

Biozone Labs guaranteed a bank loan which a Fisher controlled entity used to purchase this Pittsburg, California property. A dispute has arisen between the lender and Biozone Labs with the bank claiming the MusclePharm sale resulted in an event which accelerates payment of the note. Additionally, the Fisher entity is seeking to evict MusclePharm as a tenant. In connection on the asset sale to MusclePharm on January 2, 2014, we agreed to indemnify MusclePharm if the landloard brought an anction to evict it. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" – "Risk Factors."

On February 24, 2012, Cocrystal and two wholly-owned subsidiaries, BioZone Laboratories, Inc. ("Biozone Labs") and Equachem, LLC and OPKO entered into a Limited License Agreement (the "License Agreement") pursuant to which OPKO acquired an exclusive license to the QuoSomes and EquaSomesTM drug delivery technology for use in ophthalmological indications and a non-exclusive license to such technology for all other indications. Also, on that date, Cocrystal and OPKO entered into a Distribution Agreement pursuant to which Cocrystal appointed OPKO as its exclusive distributor of any drug product containing propofol as an active ingredient in combination with a compound developed by BioZone Labs based on its EquaSomes technology. The Distribution Agreement was subsequently terminated when an underlying license with a third party was terminated.

Mr. Fisher advanced funds to Cocrystal for working capital. In September 2013, in order to settle competing claims, Cocrystal and certain affiliates entered into a Settlement Agreement related to all claims related to these advancements and certain other matters. As part of the Settlement Agreement: (i) we paid Fisher $1,050,000, (ii) Fisher sold his entire holdings of 6,650,000 shares of Cocrystal's common stock to various private accredited investors, (iii) and mutual releases between Cocrystal and Fisher.

Item 14. Principal Accounting Fees and Services

Audit Fees

The aggregate fees billed by our principal accountant for the audit of our annual financial statements, review of financial statements included in the quarterly reports and other fees that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for the years ended December 31, 2013 and 2012 was $97,500 and $109,000, respectively.

Audit-Related Fees

The aggregate fees billed by our principal accountant for assurance and advisory services that were related to the performance of the audit or review of our financial statements for the years ended December 31, 2013 and 2012 was $0 and $0, respectively.

Tax Fees

The aggregate fees billed for professional services rendered by our principal accountant for tax compliance, tax advice and tax planning for the fiscal years ended December 31, 2013 and 2012 was $6,500 and $8,500 respectively.

PART IV

Item 15. Exhibits, Financial Statement Schedules

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
2.1	Agreement and Plan of Merger – Cocrystal Discovery	8-K	1/8/14	2.1	
2.2	Certificate of Merger – Cocrystal Discovery	8-K	1/8/14	2.2	
2.3	Asset Purchase Agreement – MusclePharm Corporation	8-K	11/13/13	2.1	
2.4	Certificate of Merger – Delaware				Filed
2.5	Articles of Merger - Nevada				Filed
3.1	Articles of Incorporation - Nevada	SB-2	9/20/07	3.1	
3.2	Certificate of Amendment to Articles of Incorporation	SB-2	9/20/07	3.2	
3.3	Certificate of Amendment to Articles of Incorporation – Name Change	8-K	3/4/11	3.1	
3.4	Certificate of Amendment to Articles of Incorporation – Increase Capital	10-Q	11/18/13	3.4	
3.5	Certificate of Designation – Series A	8-K	10/31/13	3.1	
3.6	Certificate of Designation – Series B	8-K	1/8/14	3.1	
3.7	Certificate of Incorporation - Delaware				Filed
3.8	Bylaws – Nevada	SB-2	9/20/07	3.3	
3.9	Bylaws - Delaware				Filed
10.1	Form of Securities Purchase Agreement - January 2014 Offering	8-K	1/21/14	10.1	
10.2	Form of Warrant - January 2014 Offering	8-K	1/21/14	10.2	
10.3	Employment Agreement – Gary Wilcox*	8-K	1/8/14	10.1	
10.4	Employment Agreement – Sam Lee*	8-K	1/8/14	10.2	
10.5	2007 Equity Incentive Plan - Cocrystal Discovery	S-8	1/2/14	10.1	
10.6	Form of Securities Purchase Agreement – October 2013 Offering	8-K	10/31/13	10.1	

10.7	Form of Warrant – October 2013 Offering	8-K	10/31/13	10.2	
10.8	Form of Securities Purchase Agreement –2013 Note Offering	8-K	8/30/13	10.1	
10.9	Form of Note – 2013 Note Offering	8-K	8/30/13	10.2	
10.10	Form of Warrant – 2013 Note Offering	8-K	8/30/13	10.3	
10.11	Form of Subscription Agreement – 2013 Unit Offering	8-K	4/18/13	10.1	
10.12	Form of Warrant – 2013 Unit Offering	8-K	4/18/13	10.2	
10.13	Form of Indemnification Agreement				Filed
10.14	License Agreement - Nian Wu	S-1/A	7/2/12	10.41	
10.15	Limited License Agreement – Nian Wu	8-K	9/25/12	10.2	
10.16	Separation and Release Agreement - Nian Wu	8-K	9/25/12	10.1	
10.17	580 Garcia - Lease	S-1/A	7/2/12	10.43	
10.18	Distribution Agreement – Opko	S-1/A	7/2/12	10.44	
10.19	Limited License Agreement – Opko	S-1/A	7/2/12	10.45	
21.1	Subsidiaries				Filed
23.1	Principal Accountant Consent				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 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.DEF	XBRL Taxonomy Extension Definition Linkbase Document				Filed
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				Filed
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				Filed

* Management contract or compensatory plan or arrangement.

** 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., 19805 North Creek Parkway, Bothell, Washington, 98011.

Table of Contents

SIGNATURES

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

COCRYSTAL PHARMA, INC.

April 2, 2014

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

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

SIGNATURE	TITLE	DATE
/s/ Gerald McGuire Gerald McGuire	Chief Financial Officer (Principal Financial and Accounting Officer)	April 2, 2014
/s/ Gary Wilcox Gary Wilcox	Director	April 2, 2014
/s/ Phillip Frost Phillip Frost	Director	March 31, 2014
/s/ Jane Hsiao Jane Hsiao	Director	March 31, 2014
/s/ Roger Kornberg Roger Kornberg	Director	March 31, 2014
/s/ Sam Lee Sam Lee	Director	March 31, 2014
/s/ Steven Rubin Steven Rubin	Director	March 31, 2014

Exhibit 2.4

CERTIFICATE OF MERGER

OF

BIOZONE PHARMACEUTICALS, INC.
(a Nevada corporation)

WITH AND INTO

COCRYSTAL PHARMA, INC.
(a Delaware corporation)

Pursuant to Section 252 of the General Corporation Law of
the State of Delaware

Cocrystal Pharma, Inc., a Delaware corporation (the "Subsidiary"), DOES HEREBY CERTIFY AS FOLLOWS:

FIRST: The name of the surviving corporation is Cocrystal Pharma, Inc., a Delaware corporation, and the name of the corporation being merged into this surviving corporation is BioZone Pharmaceuticals, Inc., a Nevada corporation

SECOND: That the Agreement and Plan of Merger and Reorganization (the "Merger Agreement"), by and between BioZone Pharmaceuticals, Inc., a Nevada corporation (the "Parent"), and the Subsidiary setting forth the terms and conditions of the merger of the Parent with and into the Subsidiary (the "Merger") has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 252 of the General Corporation Law of the State of Delaware.

THIRD: The name of the Surviving Corporation in the Merger is Cocrystal Pharma, Inc., a Delaware corporation (the "Surviving Corporation").

FOURTH: That pursuant to the Merger Agreement, from and after the effective time of the Merger, the Certificate of Incorporation of the Subsidiary shall be the Certificate of Incorporation of the Surviving Corporation.

FIFTH: The authorized stock and par value of the non-Delaware corporation is 200,000,000 shares of common stock, par value $0.001, and 5,000,000 shares of preferred stock, par value $0.001.

SIXTH: The merger is to become effective on the filing date of this certificate.

SEVENTH: The executed copy of the Merger Agreement is on file at the principal place of business of the Surviving Corporation at the following address: 1980 North Creek Parkway, Bothel, WA 98011.

SIXTH: That a copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and without cost, to any stockholder of any constituent corporation.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned party, as the Surviving Corporation, has caused this Certificate of Merger to be executed in its respective corporate name as of the 28th day of February, 2014.

Cocrystal Pharma, Inc., a Delaware corporation

By: /s/ Gary Wilcox

Dr. Gary Wilcox

140103

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 1

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Articles of Merger
(Pursuant to NRS Chapter 92A)

1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200):

☐ **If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article one.**

Biozone Pharmaceuticals, Inc.
Name of **merging** entity

Nevada — Jurisdiction
Corporation — Entity type *

Name of **merging** entity

Jurisdiction — Entity type *

Name of **merging** entity

Jurisdiction — Entity type *

Name of **merging** entity

Jurisdiction — Entity type *

and,

Cocrystal Pharma, Inc.
Name of **surviving** entity

Delaware — Jurisdiction
Corporation — Entity type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: $350.00

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 2

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.190):

Attn:

c/o:

3) Choose one:

☒ **The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).**

☐ **The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180).**

4) Owner's approval (NRS 92A.200) (options a, b or c must be used, as applicable, for each entity):

☐ **If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from the appropriate section of article four.**

(a) Owner's approval was not required from

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

and, or;

Name of **surviving** entity, if applicable

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 3

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

(b) The plan was approved by the required consent of the owners of *:

Biozone Pharmaceuticals, Inc.
Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

and, or;

Cocrystal Pharma, Inc.
Name of **surviving** entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 4

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

Name of **merging** entity, if applicable

and, or;

Name of **surviving** entity, if applicable

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 5

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

5) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)*:

6) Location of Plan of Merger (check a or b):

☐ (a) The entire plan of merger is attached;

or,

☒ (b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

7) Effective date and time of filing: (optional) (must not be later than 90 days after the certificate is filed)

Date: **Time:**

* Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.180 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

This form must be accompanied by appropriate fees.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsos.gov

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 6

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

8) **Signatures** - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited-liability limited partnership; A manager of each Nevada limited-liability company with managers or one member if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)*

☐ If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article eight.

Biozone Pharmaceuticals, Inc.
Name of **merging** entity

X Gary Wilcox — Signature | Chief Executive Officer — Title | 3/12/14 — Date

Name of **merging** entity

X _____ Signature | Title | Date

Name of **merging** entity

X _____ Signature | Title | Date

Name of **merging** entity

X _____ Signature | Title | Date

and,

Cocrystal Pharma, Inc.
Name of **surviving** entity

X Gary Wilcox — Signature | Chief Executive Officer — Title | 3/12/14 — Date

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Exhibit 3.7

CERTIFICATE OF INCORPORATION
OF
COCRYSTAL PHARMA, INC.

1. The name of the corporation is Cocrystal Pharma, Inc. (the "Company").

2. The address of its registered office in the State of Delaware, County of New Castle, is 3411 Silverside Road, Rodney Building #104, Wilmington, Delaware 19810. The name of its registered agent at such address is Corporate Creations Network, Inc.

3. The nature of the business or purposes to be conducted or promoted are to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

4. The total number of shares of stock of all classes and series the Company shall have authority to issue is 205,000,000 shares consisting of (i) 200,000,000 shares of common stock, par value of $0.001 per share and (ii) 5,000,000 shares of preferred stock, par value $0.001 with such rights, preferences and limitations as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by the Delaware General Corporation Law.

5. The name and mailing address of the incorporator is as follows:

Michael D. Harris
1645 Palm Beach Lakes Blvd.
Suite 1200
West Palm Beach, FL 33401

6. The name and mailing address of each person who is to serve as a director until the first annual meeting of the stockholders or until a successor is elected and qualified, is as follows:

Name	Mailing Address
Dr. Phillip Frost	4400 Biscayne Blvd., Suite 1500 Miami, FL 33137
Dr. Jane Hsiao	4400 Biscayne Blvd., Suite 1500 Miami, FL 33137
Dr. Roger Kornberg	Department of Structural Biology 299 Campus Drive Stanford, CA 94305-5126
Dr. Sam Lee	17108 17th Ave. W Lynnwood, WA 98037
Steven Rubin	4400 Biscayne Blvd., Suite 1500 Miami, FL 33137
Gary Wilcox	19805 N. Creek Pkwy Bothell, WA 98011

7. The Company is to have perpetual existence. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, amend, alter or repeal the bylaws of the Company.

8. Elections of directors need not be by written ballot unless the bylaws of the Company shall so provide.

Meetings of stockholders may be held within or without the State of Delaware as the bylaws may provide. The books of the Company may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the Company.

9. The Company reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

10. No director of this Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. Nothing in this paragraph shall serve to eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to this Company or its stockholders, (b) for acts or omissions not in good faith or which involves intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

11. (a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding (except as provided in Section 11 (f)) whether civil, criminal or administrative, (a "Proceeding"), or is contacted by any governmental or regulatory body in connection with any investigation or inquiry (an "Investigation"), by reason of the fact that he or she is or was a director or executive officer (as such term is utilized pursuant to interpretations under Section 16 of the Securities Exchange Act of 1934) of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (an "Indemnitee"), whether the basis of such Proceeding or Investigation is alleged action in an official capacity or in any other capacity as set forth above shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); provided, however, that an Advancement of Expenses shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise (an "Undertaking").

(b) If a claim under paragraph (a) of this Section is not paid in full by the Company within 60 days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In

(i) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and

(ii) any suit by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Company shall be entitled to recover such expenses upon a final adjudication that,

the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Company (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its board of directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right hereunder, or by the Company to recover an Advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified or to such Advancement of Expenses under this Section or otherwise shall be on the Company.

(c) The rights to indemnification and to the Advancement of Expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(d) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(e) The Company may, to the extent authorized from time to time by the board of directors, grant rights to indemnification and to the Advancement of Expenses, to any employee or agent of the Company to the fullest extent of the provisions of this Section with respect to the indemnification and Advancement of Expenses of directors, and executive officers of the Company.

(f) Notwithstanding the indemnification provided for by this Section 11, the Company's bylaws, or any written agreement, such indemnity shall not include any expenses incurred by such Indemnitees relating to or arising from any Proceeding in which the Company asserts a direct claim against an Indemnitee, or an Indemnitee asserts a direct claim against the Company, whether such claim is termed a complaint, counterclaim, crossclaim, third-party complaint or otherwise.

12. This Certificate of Incorporation and the internal affairs of the Company shall be governed by and interpreted under the laws of the State of Delaware, excluding its conflict of laws principles. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer (or affiliate of any of the foregoing) of the Company to the Company or the Company's shareholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Company's Certificate of Incorporation or Bylaws, or (iv) any other action asserting a claim arising under, in connection with, and governed by the internal affairs doctrine.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the Delaware General Corporation Law, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 30th day of January, 2014.

/s/ Michael Harris
Michael D. Harris

Exhibit 3.9

BYLAWS
OF
COCRYSTAL PHARMA, INC.
(Adopted January 30, 2014)

Article I. Meeting of Shareholders

Section 1. Annual Meeting. The annual meeting of the Shareholders of this Company shall be held at the time and place designated by the Board of Directors of the Company. Business transacted at the annual meeting shall include the election of directors of the Company.

Section 2. Special Meetings. Special meetings of the Shareholders shall be held when directed by (i) the Board of Directors, or (ii) when requested in writing by the holders of not less than 20 percent of all the shares entitled to vote at the meeting.

Section 3. Place. Meetings of Shareholders may be held within or without the State of Delaware.

Section 4. Notice. Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 60 days before the meeting, either personally or by mail, by or at the direction of the chief executive officer, the president, the secretary, or the officer or persons calling the meeting to each Shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Shareholder at his address as it appears on the stock transfer books of the Company, with postage there on prepaid. The provisions of Section 229 of the Delaware General Corporation Law (the "DGCL") as to waiver of notice are applicable. In lieu of mailing any proxy and proxy statement, notice may be given by furnishing a Notice of Internet Availability of Proxy Materials in accordance with Rule 14a-16 under the Securities Exchange Act of 1934 and otherwise complying with that rule.

Section 5. Notice of Adjourned Meetings. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If, however, after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of adjourned meeting, shall be given as provided in this section to each Shareholder of record on the new record date entitled to vote at such meeting.

Section 6. Record Date. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of Shareholders for any other purpose, the Board of Directors may fix an advance date as the record date for the determination of Shareholders, such date in any case to be not more than 60 days and, in case of a meeting of Shareholders, not less than 10 days prior to the date on which the particular action requiring such determination of Shareholders is to be taken.

In no event may a record date fixed by the Board of Directors be a date preceding the date upon which the resolution fixing the record date was adopted nor be more than 10 days after the date upon which the resolution fixing the record date is adopted.

If no record date is fixed for the determination of Shareholders entitled to notice or to vote at a meeting of Shareholders or Shareholders entitled to receive payment of a dividend, and no prior action by the Board of Directors is required under Delaware General Corporation Law, the record date shall be the first date on which a signed written consent setting forth the action to be taken or proposed to be taken is delivered to the Company.

If no record date is fixed for the determination of Shareholders entitled to notice or to vote at a meeting of Shareholders or Shareholders entitled to receive payment of a dividend, and prior action by the Board of Directors is required under Delaware General Corporation Law, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

When a determination of Shareholders entitled to vote at any meeting of Shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date for the adjourned meeting.

Section 7. Shareholder Quorum and Voting. A majority of the outstanding shares of each class or series of voting stock then entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Shareholders. When a specified item of business is required to be voted on by a class or series of stock, a majority of the outstanding shares of such class or series shall constitute a quorum for the transaction of such item of business by that class or series.

If a quorum is present, the affirmative vote of the majority of those shares present at the meeting in person or by proxy of each class or series of voting stock and entitled to vote on the subject matter shall be the act of the Shareholders unless otherwise provided however that the directors of the Company shall be elected by a plurality of such shares.

After a quorum has been established at a Shareholders' meeting, the subsequent withdrawal of Shareholders, so as to reduce the number of Shareholders entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

Section 8. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of Shareholders.

Treasury shares, shares of stock of this Company owned by another corporation, the majority of the voting stock of which is owned or controlled by this Company, and shares of stock of this Company, held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

A Shareholder may vote either in person or by proxy executed in writing by the Shareholder or his duly authorized attorney-in-fact. A Shareholder may also vote in person, by proxy, by telephone or electronically including over the Internet in accordance with the Securities Exchange Act of 1934 and rules of the Securities and Exchange Commission.

At each election for directors every Shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected at that time and for whose election he has a right to vote.

Shares standing in the name of another corporation, domestic or foreign, may be voted by the officer, agent, or proxy designated by the bylaws of the corporate Shareholder; or, in the absence of any applicable bylaw, by such person as the Board of Directors of the corporate Shareholder may designate. Proof of such designation may be made by presentation of a certified copy of the bylaws or other instrument of the corporate Shareholder. In the absence of any such designation, or in case of conflicting designation by the corporate Shareholder, the chairman of the board, the chief executive officer, the president, any vice president, secretary and treasurer of the corporate Shareholder shall be presumed to possess, in that order, authority to vote such shares.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A Shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee or his nominee shall be entitled to vote the shares so transferred.

On and after the date on which written notice of redemption of redeemable shares has been mailed to the holders thereof and a sum sufficient to redeem such shares has been deposited with a bank or trust company with irrevocable instruction and authority to pay the redemption price to the holders thereof upon surrender of certificates therefor, such shares shall not be entitled to vote on any matter and shall not be deemed to be outstanding shares.

Section 9. Proxies. Every Shareholder entitled to vote at a meeting of Shareholders or to express consent or dissent without a meeting of a Shareholders' duly authorized attorney-in-fact may authorize another person or persons to act for him by proxy.

Every proxy must be signed by the Shareholder or his attorney in-fact. No proxy shall be valid after the expiration of three years from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Shareholder executing it, except as otherwise provided by law.

The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the Shareholder who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the corporate officer responsible for maintaining the list of Shareholders.

If a proxy for the same shares confers authority upon two or more persons and does not otherwise provide, a majority of them present at the meeting, or if only one is present then that one, may exercise all the powers conferred by the proxy; but if the proxy holders present at the meeting are equally divided as to the right and manner of voting in any particular case, the voting of such shares shall be prorated.

If a proxy expressly provides, any proxy holder may appoint in writing a substitute to act in his place.

Section 10. Action by Shareholders without a Meeting. Any action required by law, these bylaws, or the certificate of incorporation of this Company to be taken at any annual or special meeting of Shareholders of the Company, or any action which may be taken at any annual or special meeting of such Shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. If any class of shares is entitled to vote thereon as a class, such written consent shall be required of the holders of a majority of the shares of each class of shares entitled to vote as a class thereon and of the total shares entitled to vote thereon.

Promptly after obtaining such authorization by written consent, notice shall be given to those Shareholders who have not consented in writing. The notice shall fairly summarize the material features of the authorized action, and, if the action be a merger or consolidation for which appraisal rights are provided under the DGCL, be given in accordance with Section 262(d)(2) of the DGCL.

Section 11. Advance Notice of Shareholder Nominees and Shareholder Business. To be properly brought before an annual meeting or special meeting, nominations for the election of directors or other business must be:

(a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors,

(b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or

(c) otherwise properly brought before the meeting by a Shareholder.

For such other nominations or other business to be considered properly brought before the meeting by a Shareholder, such Shareholder must have given timely notice and in proper form of his intent to bring such business before such meeting. To be timely, such Shareholder's notice must be delivered to or mailed and received by the secretary of the Company not less than 90 days prior to the meeting; provided, however, that in the event that less than 100 days notice of prior public disclosure of the date of the meeting is given or made to Shareholders, notice by the Shareholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. To be in proper form, a Shareholder's notice to the secretary shall set forth:

(i) the name and address of the Shareholder who intends to make the nominations, propose the business, and, as the case may be, the name and address of the person or persons to be nominated or the nature of the business to be proposed;

(ii) a representation that the Shareholder is a holder of record of stock of the Company entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice or introduced the business specified in the notice;

(iii) if applicable, a description of all arrangements or understandings between the Shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Shareholder;

(iv) such other information regarding each nominee or each matter of business to be proposed by such Shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, or the matter been proposed, or intended to be proposed by the Board of Directors; and

(v) if applicable, the consent of each nominee to serve as director of the Company if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

Article II. Directors

Section 1. Function. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors.

Section 2. Number. This Company shall have between one and nine directors. The number of directors may be established from time to time by resolution of the Board of Directors, but no decrease shall have the effect of shortening the terms of any incumbent director.

Section 3. Election and Term. Each person named in the certificate of incorporation as a member of the initial Board of Directors and all other directors appointed by the Board of Directors to fill vacancies thereof shall hold office until the first annual meeting of Shareholders, and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

At the first annual meeting of Shareholders and at each annual meeting thereafter the Shareholders shall elect directors to hold office until the next succeeding annual meeting. Each director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

Section 4. Vacancies. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall hold office only until the next election of directors by the Shareholders.

Section 5. Qualification. Directors need not be residents of the State of Delaware or Shareholders of this Company.

Section 6. Compensation. The Board of Directors shall have authority to fix the compensation of directors.

Section 7. Duties of Directors. A director shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

In performing his duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) one or more officers or employees of the Company whom the director reasonably believes to be reliable and competent in the matters presented,

(b) counsel, public accountants or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence, or

(c) a committee of the board upon which he does not serve, duly designated in accordance with a provision of the certificate of incorporation or the bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance described above to be unwarranted.

A person who performs his duties in compliance with this section shall have no liability by reason of being or having been a director of the Company.

Section 8. Presumption of Assent. A director of the Company who is present at a meeting of its Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

Section 9. Removal of Directors. At a meeting of the Shareholders called expressly for that purpose, any director or the entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of the shares of each class or series of voting stock, present in person or by proxy, then entitled to vote at an election of directors.

Section 10. Quorum and Voting. A majority of the number of directors fixed by these bylaws shall constitute a quorum for the transaction of business. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 11. Director Conflicts of Interest. No contract or other transaction between this Company and one or more of its directors or any other corporation, firm, association or entity in which one or more of the directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or

(b) The fact of such relationship or interest is disclosed or known to the Shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or

(c) The contract or transaction is fair and reasonable as to the Company at the time it is authorized by the board, a committee or the Shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

Section 12. Place of Meeting. Regular and special meetings by the Board of Directors may be held within or without the State of Delaware.

Section 13. Time, Notice and Call of Meetings. Regular meetings of the Board of Directors shall be held without notice on the second Tuesday of September of each year. Notice of the time and place of special meetings of the Board of Directors shall be given to each director by either personal delivery, any form of electronic or telephonic notice including facsimile transmission, as long as the director is able to retain a copy of the notice, or telegram at least one day before the meeting.

Notice of a meeting of the Board of Directors need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all obligations to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

A majority of the directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting shall be given to the directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other directors.

Meetings of the Board of Directors may be called by the chief executive officer of the Company or by any director.

Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 14. Action Without a Meeting. Any action required to be taken at a meeting of the directors of the Company, or any action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action to be taken, signed by all of the directors, is filed in the minutes of the proceedings of the Board. Such consent shall have the same effect as a unanimous vote.

Section 15. Committees. The Board of Directors may designate from among its members such committees it deems prudent, such as, but not limited to, an executive committee, audit committee, compensation committee, finance committee and a litigation committee.

Article III. Officers

Section 1. Officers. The officers of this Company shall consist of a chief executive officer, president, chief financial officer, chief accounting officer, any vice presidents designated by the Board of Directors, secretary, treasurer and such other officers as may be designated by the Board of Directors, each of whom shall be elected by the Board of Directors from time to time. Any two or more offices may be held by the same person. The failure to elect any of the above officers shall not affect the existence of this Company. All officers shall be appointed by the Board of Directors.

Section 2. Duties. The officers of this Company shall have the following duties and such other duties as delegated by the Board of Directors or chief executive officer.

The chief executive officer of the Company shall have general and active management of the business and affairs of the Company subject to the directions of the Board of Directors, and shall preside at all meetings of the shareholders.

The president shall be the chief operating officer of the Company, shall act whenever the chief executive officer shall be unavailable.

The chief financial officer shall be the chief financial officer and be primarily responsible for all filings with the Securities and Exchange Commission. He shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Company. Unless otherwise provided by the Board of Directors, the chief financial officer shall be the chief accounting officer.

The chief accounting officer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Company. If the chief accounting officer is not also the chief financial officer, he shall provide assistance to the chief financial officer and act whenever the chief financial officer shall be unavailable.

Any vice president(s) shall have such titles as may be designated by the Board of Directors.

The secretary shall have custody of and maintain all of the corporate records, except the financial records, shall record the minutes of all meetings of the Shareholders and whenever else required by the chief executive officer.

The treasurer shall be the legal custodian of all monies, notes, securities and other valuables that may from time to time come into the possession of the Company. He shall immediately deposit all funds of the Company coming into his hands in some reliable bank or other depositary to be designated by the Board of Directors and shall keep this bank account in the name of the Company.

Section 3. Removal of Officers. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the Company will be served thereby.

Any officer or agent elected by the Shareholders may be removed only by vote of the Shareholders, unless the Shareholders shall have authorized the directors to remove such officer or agent.

Any vacancy, however, occurring, in any office may be filled by the Board of Directors, unless the bylaws shall have expressly reserved such power to the Shareholders.

Removal of any officer shall be without prejudice to the contract rights, if any, of the person so removed; however, election or appointment of an officer or agent shall not of itself create contract rights.

Article IV. Stock Certificates

Section 1. Issuance. Every holder of shares in this Company shall be entitled to have a certificate, representing all shares to which he is entitled. No certificate shall be issued for any share until such share is fully paid.

Section 2. Form. Certificates representing shares in this Company shall be signed by the chief executive officer or president and the secretary or an assistant secretary or treasurer or assistant treasurer and may be sealed with the seal of this Company or a facsimile thereof. The signature of the chief executive officer or president and the secretary or assistant secretary or treasurer or assistant treasurer may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the Company itself or an employee of the Company. In case any officer who signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Company with the same effect as if he were such officer at the date of its issuance.

Every certificate representing shares issued by this Company shall set forth or fairly summarize upon the face or back of the certificate, or shall state that the Company will furnish to any Shareholder upon request and without charge a full statement of, the designations, preferences, limitations and relative rights of the shares of each class or series authorized to be issued, and the variations in the relative rights and preferences between the shares of each series so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series.

Every certificate representing shares which are restricted as to the sale, disposition, or other transfer of such shares shall state that such shares are restricted as to transfer and shall set forth or fairly summarize upon the certificate, or shall state that the Company will furnish to any Shareholder upon request and without charge a full statement of, such restrictions.

Each certificate representing shares shall state upon its face: the name of the Company; that the Company is organized under the laws of this state; the name of the person or persons to whom issued; the number and class of shares, and the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate, or a statement that the shares are without par value.

Section 3. Transfer of Stock. Except as provided in Section 4 of this Article, the Company shall register a stock certificate presented to it for transfer if the certificate is properly endorsed by the holder of record or by his duly authorized attorney, and the signature of such person has been guaranteed by a commercial bank or trust company or by a member of the New York or American Stock Exchange.

Section 4. Off-Shore Offerings. In all offerings of equity securities pursuant to Regulation S of the Securities Act of 1933 (the "Act"), the Company shall require that its stock transfer agent refuse to register any transfer of securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Act or an available exemption under the Act.

Section 5. Lost, Stolen or Destroyed Certificates. The Company shall issue a new stock certificate in the place of any certificate previously issued if the holder of record of the certificate (a) makes proof in affidavit form that it has been lost, destroyed or wrongfully taken; (b) requests the issuance of a new certificate before the Company has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of any adverse claim; (c) gives bond in such form as the Company may direct, to indemnify the Company, the transfer agent, and registrar against any claim that may be made on account of the alleged loss, destruction, or theft of a certificate; and (d) satisfies any other reasonable requirements imposed by the Company.

Article V. Books and Records

Section 1. Books and Records. This Company shall keep correct and complete records and books of account and shall keep minutes of the proceedings of its Shareholders, Board of Directors and committees of directors.

This Company shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its Shareholders, giving the names and addresses of all Shareholders, and the number, class and series, if any, of the shares held by each.

Any books, records and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Any person who is a holder of record of shares or is a beneficial owner of shares of stock of the Company, upon written demand under oath stating the purpose thereof, shall have the right to inspect for any proper purpose, in person or by agent or attorney, at any reasonable time or times during business hours, the books and records specified in Section 220 of the DGCL of Shareholders and to make extracts therefrom.

Section 2. Financial Information. Not later than three months after the close of each fiscal year, this Company shall prepare a balance sheet showing in reasonable detail the financial condition of the Company as of the close of its fiscal year, and a profit and loss statement showing the results of the operations of the Company during its fiscal year.

Upon the written request of any Shareholder or holder of voting trust certificates for shares of the Company, the Company shall mail to such Shareholder or holder of voting trust certificates a copy of the most recent such balance sheet and profit and loss statement.

The balance sheets and profit and loss statements shall be filed in the registered office of the Company in this state, shall be kept for at least five years, and shall be subject to inspection during business hours by any Shareholder or holder of voting trust certificates, in person or by agent.

Article VI. Dividends

The Board of Directors of this Company may, from time to time, declare and the Company may pay dividends on its shares in cash, property or its own shares, except when the Company is insolvent or when the payment thereof would render the Company insolvent or when the declaration or payment thereof would be contrary to any restrictions contained in the certificate of incorporation, subject to the following provisions:

(a) Dividends in cash or property may be declared and paid, except as otherwise provided in this section, only out of the unreserved and unrestricted earned surplus of the Company or out of capital surplus, howsoever arising but each dividend paid out of capital surplus shall be identified as a distribution of capital surplus, and the amount per share paid from such surplus shall be disclosed to the Shareholders receiving the same concurrently with the distribution.

(b) Dividends may be declared and paid in the Company's own treasury shares.

(c) Dividends may be declared and paid in the Company's own authorized but unissued shares out of any unreserved and unrestricted surplus of the Company upon the following conditions:

(1) If a dividend is payable in shares having a par value, such shares shall be issued at not less than the par value thereof and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate par value of the shares to be issued as a dividend.

(2) If a dividend is payable in shares without a par value, such shares shall be issued at such stated value as shall be fixed by the Board of Directors by resolution adopted at the time such dividend is declared, and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate stated value so fixed in respect of such shares; and the amount per share so transferred to stated capital shall be disclosed to the Shareholders receiving such dividend concurrently with the payment thereof.

(d) No dividend payable in shares of any class shall be paid to the holders of shares of any other class unless the certificate of incorporation so provide or such payment is authorized by the affirmative vote or the written consent of the holders of at least a majority of the outstanding shares of the class in which the payment is to be made.

(e) A split-up or division of the issued shares of any class into a greater number of shares of the same class without increasing the stated capital of the Company shall not be construed to be a share dividend within the meaning of this section.

Article VII. Corporate Seal

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the following:

COCRYSTAL PHARMA, INC.

2014

Article VIII. Amendment

These bylaws may be repealed or amended, and new bylaws may be adopted, by the Shareholders, or by the Board of Directors to the extent permitted by the DGCL.

Exhibit 10.13

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "Agreement") is entered into as of this 2nd day of January, 2014, by and between Biozone Pharmaceuticals, Inc., a Nevada corporation (the "Company"), and _____ (the "Indemnitee") and replaces any and all Indemnification Agreements previously entered into between the Parties:

WHEREAS, competent and experienced persons are becoming increasingly reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through liability insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to the corporation;

WHEREAS, the board of directors of the Company (the "Board") has determined that the inability to attract and retain such persons is detrimental to the best interests of the Company's shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, the Nevada Revised Statutes (the "NRS") authorize corporations to indemnify their directors and officers, and further authorize corporations to purchase and maintain insurance for the benefit of their directors and officers;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, the Indemnitee is willing to serve as a director and/or officer of the Company, as applicable, on the condition that he be so indemnified.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Company and the Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Beneficial Owner" means (as defined in Rule 13d-3 under the Act), any Person who directly or indirectly, owns securities of the Company representing 10% or more of the combined voting power of the Company's then outstanding securities.

(b) "Change of Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 5.01 on Form 8-K (or in response to any similar item on any similar schedule or form) promulgated under the Act, whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change of Control shall mean any of the following: (A) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if more than 50% of the combined voting power of the continuing or surviving entity's securities outstanding immediately after such merger, consolidation or other corporate reorganization are owned by persons who were not shareholders of the Company immediately prior to such merger, consolidation or other corporate reorganization; (B) any entity or person not now an executive officer or director of the Company becomes either individually or as part of a group required to file a Schedule 13D or 13G with the Securities and Exchange Commission ("SEC") the beneficial owner of 30% or more of the Company's common stock; (C) a sale of all or substantially all of the assets of the Company in a transaction requiring shareholder approval; (D) individuals who, as of the date of this Agreement, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided, however, that any individual becoming a director subsequent to the date of this Agreement appointed by a majority of the directors then comprising the Incumbent Board or whose election or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company (as such term is used in Rule 14a-11 of Regulation 14A, or any successor section, promulgated under the Exchange Act); or (E) the Board, in its sole and absolute discretion, determines that there is a Change of Control of the Company.

(c) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(e) "Effective Date" means the date first above written.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(g) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

(h) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past two years has been, retained to represent (i) the Company or the Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

(i) "Person" means (as such term is used in Sections 13(d) and 14(d) of the Act) an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

(j) "Proceeding" includes any actual or threatened action, suit, arbitration, alternative dispute resolution mechanism, investigation (formal or informal), administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, whether or not initiated prior to the Effective Date, except a proceeding initiated by an Indemnitee pursuant to Section 11 of this Agreement to enforce his rights under this Agreement.

(k) "Standard" shall mean the applicable standard of conduct set forth in Section 78.7502 of the NRS.

2 . Agreement to Serve. The Indemnitee agrees to serve as a director and/or officer of the Company, as applicable. The Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). Similarly, the Company shall have no obligation under this Agreement to continue the Indemnitee in any position with the Company.

3. Indemnification - General.

(a) The Company shall indemnify and advance Expenses to the Indemnitee as provided in this Agreement and to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit.

(b) However, no indemnification shall be made by the Company pursuant to this Agreement (except as ordered by a court) unless a determination has been made in the manner provided for in Section 78.751 of the NRS and Section 9(b) herein that the Indemnitee has met the applicable Standard or otherwise as provided in Section 78-751(3) of the NRS. The rights of the Indemnitee provided under the preceding sentence shall include, but shall not be limited to, the rights set forth in the other sections of this Agreement.

(c) The obligation to advance expenses and indemnify the Indemnitee pursuant to this Agreement shall be conditioned upon the Indemnitee and all other persons who are entitled to indemnification in any Proceeding being represented by the same law firm, unless (i) such law firm concludes that it cannot ethically represent all of such parties, (ii) such Indemnitee is subject to claims different than other persons who are entitled to indemnification from the Company in any such Proceeding, or (iii) such Indemnitee is asserting defenses different than other persons who are entitled to indemnification from the Company in any such Proceeding.

(d) If the Indemnitee is acting as a director of the Company at the request or as the designee of any other person (the "Investor"), the Company shall be primarily liable for all indemnification, reimbursements, advancements or similar payments (the "Indemnity Obligations") afforded to the Indemnitee in such capacity or other capacities on behalf or at the request of the Company, whether the Indemnity Obligations are created by law, organizational or constituent documents, contract (including this Agreement) or otherwise. Notwithstanding the fact that such Investor and/or any of its affiliates, other than the Company (such persons, together with its and their heirs, successors and assigns, the "Investor Parties"), may have concurrent liability to the Indemnitee with respect to the Indemnity Obligations, the Company hereby agrees that in no event shall the Company have any right or claim against any of the Investor Parties for contribution or have rights of subrogation against any Investor Parties through an Indemnitee for any payment made by the Company with respect to any Indemnity Obligation. In addition, the Company hereby agrees that in the event that any Investor Parties pay or advance to a Covered Person any amount with respect to an Indemnity Obligation, the Company will as applicable, promptly reimburse such Investor Parties for such payment or advance upon request.

4 . Third Party Actions. The Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any Proceeding, other than a Proceeding by or in the right of the Company. Pursuant to this Section 4, the Indemnitee shall be indemnified against Expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding or any claim, issue or matter therein, if (i) he acted in good faith, and in a manner he reasonably believed to be in or not opposed to the Company's best interests; and (ii) with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful. The Indemnitee shall not be entitled to indemnification in connection with any Proceeding charging improper personal benefit to the Indemnitee, whether or not involving action in his official capacity, in which he was judged liable on the basis that personal benefit was improperly received by him.

5. Direct and Derivative Actions.

(a) The Indemnitee shall be entitled to the rights of indemnification provided in this Section 5, by reason of his Corporate Status, if he is, or is threatened to be made, a party to any Proceeding brought by a shareholder directly or on behalf of the Company to procure a judgment in its favor. Pursuant to this Section, the Indemnitee shall be indemnified against Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the Indemnitee shall have been adjudged to be liable to the Company unless the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for such Expenses which the court shall deem proper.

(b) The Indemnitee shall not be entitled to the rights of indemnification provided in this Section 5, by reason of his Corporate Status, if he is made a party to any Proceeding brought by the Company, or, except as provided in Section 20, files any claim against the Company in a Proceeding, unless he is the prevailing party in such proceeding. If the Indemnitee prevails on one or more claims or causes of actions, the indemnification shall be pro-rated.

6. Contribution.

(a) Whether or not the indemnification provided in Sections 3, 4 and 5 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring the Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against the Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against the Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, the Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding and it is judicially determined (or the SEC staff advised the Company or the Indemnitee) that indemnification under this Agreement or otherwise is against public policy or otherwise unavailable to the Indemnitee for any reason, then the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by the Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and the Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than the Indemnitee who are jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and the Indemnitee, on the other hand, in connection with the transaction or events that resulted in such Expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than the Indemnitee, who are jointly liable with the Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and the Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold the Indemnitee harmless from any claims of contribution which may be brought by officers, directors, or employees of the Company, other than the Indemnitee, who may be jointly liable with the Indemnitee.

7 . Indemnification for Expenses of an Indemnitee. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him in connection therewith. If the Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify the Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 6 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

8. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

9 . Advancement of Expenses. Except as provided in Section 5(b), the Company shall advance all reasonable Expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding within 20 business days after the receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by the Indemnitee and shall include, be preceded by or accompanied by, as the case may be, the following: (i) a written affirmation of the Indemnitee's good-faith that he has met the Standard; (ii) an undertaking by or on behalf of the Indemnitee to repay any Expenses advanced if it shall be determined that the Indemnitee did not meet the Standard or that the Indemnitee is not entitled to be indemnified against such Expenses; and (iii) a determination that the facts then known to those making the determination would not preclude indemnification under the NRS.

The Indemnitee understands and agrees that the undertaking required by this Section 8 shall be an unlimited general obligation of the Indemnitee.

10. Indemnification Procedure.

(a) To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(b) Upon written request by the Indemnitee for indemnification pursuant to Section 9(a) hereof, a determination, if required by applicable law, with respect to the Indemnitee's entitlement thereto shall be made (i) by the Board by a majority vote of a quorum consisting of Disinterested Directors; or (ii) if a quorum cannot be obtained or, even if attainable, a quorum of Disinterested Directors so directs, by (a) Independent Counsel in a written opinion; or (b) by the shareholders of the Company. If it is determined that the Indemnitee is entitled to indemnification, payment to the Indemnitee shall be made within 10 working days after such determination. The Indemnitee shall cooperate with the person, persons or entity making such determination with respect to the Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnitee and reasonably necessary to such determination.

11. Presumptions and Effect of Certain Proceedings.

(a) If a Change of Control shall have occurred, in making a determination with respect to entitlement to indemnification hereunder, and following the procedures in Section 9, as applicable, it shall be presumed that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

(b) If a determination of the Indemnitee's right to indemnification shall not have made within 60 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of Section 10(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 9(b) of this Agreement and if (A) within 15 days after receipt by the Company of the request for such determination the Board has resolved to submit such determination to the shareholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of shareholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(b) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

12. Remedies of the Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 9 of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(b) of this Agreement and such determination shall not have been made and delivered in a written opinion within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 of this Agreement within 10 days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within 10 days after a determination has been made that the Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 9 or 10 of this Agreement, the Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Nevada**,** or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. The Indemnitee shall commence such proceeding seeking an adjudication within 180 days following the date on which the Indemnitee first has the right to commence such proceeding pursuant to this Section 11(a).

(b) In the event that a determination shall have been made pursuant to Section 9 of this Agreement that the Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial on the merits and the Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 11, the Company shall have the burden of proving the Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made or deemed to have been made pursuant to Section 9 or 10 of this Agreement that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 11, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(e) In the event that the Indemnitee, pursuant to this Section 11, seeks a judicial adjudication to enforce his rights under, or to recover damages for breach of, this Agreement, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses (of the types described in the definition of Expenses in Section 1 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, but only if he prevails therein. If it shall be determined in said judicial adjudication that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by the Indemnitee in connection with such judicial adjudication shall be appropriately pro-rated.

13. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may at any time be entitled under applicable law, the Articles of Incorporation, the Bylaws, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or any provision hereof shall be effective as to any Indemnitee with respect to any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, the Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company may, to the full extent authorized by law, create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and other similar arrangements) to ensure the payment of such amounts as may become necessary to effect indemnification provided hereunder.

1 4 . Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) six years after the date that the Indemnitee shall have ceased to serve as a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which the Indemnitee served at the request of the Company; or (b) the final termination of all pending Proceedings in respect of which the Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by the Indemnitee pursuant to Section 11 of this Agreement relating thereto.

15. Exceptions to Indemnification Rights. Notwithstanding any other provision of this Agreement, except for a Proceeding to enforce the provisions of this Agreement, the Indemnitee shall not be entitled to Indemnification or advancement of Expenses with respect to any Proceeding, or any claim therein, brought or made by him against the Company or the Company directly (as opposed to a derivative suit) against the Indemnitee. Provided further that no right of indemnification under the provisions set forth herein shall be available to the Indemnitee unless within 10 days after the later of (i) the filing of or (ii) learning of any such Proceeding he shall have offered the Company in writing the opportunity to handle and defend such Proceeding at its own expense.

16. Gender. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

17. Successors. Subject to the provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

18. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement shall be by actual signature.

20. Notices and Addresses. All notices, offers, acceptance and any other acts under this Agreement (except payment) shall be in writing, and shall be sufficiently given if delivered to the addressee in person, by FedEx or similar receipted delivery, as follows:

To the Company: Biozone Pharmaceuticals, Inc.
19805 N. Creek Parkway
Bothell, WA 98011
Attention: _____

With a Copy to: Nason, Yeager, Gerson, White & Lioce, P.A.
1645 Palm Beach Lakes Boulevard, Suite 1200
West Palm Beach, Florida 33401
Facsimile: (561) 686-5442
Attention: Michael D. Harris, Esq.

To the Indemnitee: _____
_____
_____

or to such other address as either of them, by notice to the other may designate from time to time. The transmission confirmation receipt from the sender's facsimile machine shall be evidence of successful facsimile delivery. Time shall be counted to, or from, as the case may be, the delivery in person or by mailing.

21. Attorneys' Fees. In the event that there is any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement thereof, and any action or proceeding relating to this Agreement is filed, and the Indemnitee prevails on some or all of the Indemnitee's claims or defenses, the Indemnitee shall be entitled to an award by the court of reasonable attorneys' fees, costs and expenses including what is referred to as "fees on fees".

2 2 . Oral Evidence. This Agreement constitutes the entire Agreement between the parties and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, except by a statement in writing signed by the party or parties against which enforcement or the change, waiver discharge or termination is sought.

23. Governing Law. This Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance shall be governed or interpreted according to the internal laws of the State of Nevada without regard to choice of law considerations.

24. Exclusive Jurisdiction and Venue. Any action brought by either Party against the other under this Agreement shall be brought only in the state or federal courts of California and venue shall be in the County of Santa Barbara or appropriate federal district and division. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens.

2 5 . Section or Paragraph Headings. Section headings herein have been inserted for reference only and shall not be deemed to limit or otherwise affect, in any matter, or be deemed to interpret in whole or in part any of the terms or provisions of this Agreement.

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

WITNESSES: BIOZONE PHARMACEUTICALS, INC.

By: /s/ Gary Wilcox
Gary Wilcox, Chief Executive Officer

INDEMNITEE:

By:
_____

Exhibit 21.1

Subsidiaries

Name	**Place of Incorporation**
Cocrystal Discovery, Inc.	Delaware
Biozone Laboratories, Inc.	California
Baker Cummins Corp.	Nevada

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (File Number 333-193161), previously filed on January 2, 2014, of our report dated March 30, 2014 on the consolidated financial statements of Biozone Pharmaceuticals, Inc. as of and for the years ended December 31, 2013 and 2012, which report is included in this Annual Report on Form 10-K of Cocrystal Pharma, Inc. for the year ended December 31, 2013.

/s/ Paritz & Company, P.A.

Hackensack, NJ 07601
March 31, 2014

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Gary Wilcox, certify that:

1. I have reviewed this annual report on Form 10-K/A 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: April 2, 2014

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

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Gerald McGuire, certify that:

1. I have reviewed this annual report on Form 10-K/A 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: April 2, 2014

/s/ Gerald McGuire
Gerald McGuire
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 annual report of Cocrystal Pharma, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof, I, Gary Wilcox, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The annual 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 annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gary Wilcox
Gary Wilcox
Chief Executive Officer
(Principal Executive Officer)
Dated: April 2, 2014

In connection with the annual report of Cocrystal Pharma, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof, I, Gerald McGuire, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The annual 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 annual report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gerald McGuire
Gerald McGuire
Chief Financial Officer
(Principal Financial Officer)
Dated: April 2, 2014