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

FORM 10-K

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

For the fiscal year ended: **December 31, 2014**

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, 2014, was approximately $31 million.

The number of shares outstanding of the registrant’s common stock, as of March 23, 2015, was 673,618,891

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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.

Overview

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

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

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. 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.

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

Cocrystal Technology

We are developing antiviral therapeutics that inhibit the essential replication function of a virus, including the RNA-dependent RNA polymerase enzyme, the helicase enzyme and the NS5A protein of HCV, and the polymerase enzymes of influenza virus and norovirus. The polymerase inhibitors include both nucleosides (Nucs) and non-nucleosides. To discover and design these inhibitors, we use proprietary antiviral nucleoside chemistry, and a proprietary platform comprising computation, medicinal chemistry, click chemistry, and X-ray crystallography. We determine the structures of cocrystals containing the inhibitors bound to the enzyme or protein to guide our design. We also use advanced computational methods to screen and design product candidates using proprietary cocrystal structural information. In designing the candidates, we 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 that are not only effective against both the virus and possible mutants of the virus, but which also have 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 drug targets is required. In addition, knowledge and experience in the fields of structural biology, enzymology, and nucleoside chemistry is required.

We developed our proprietary structure-based drug design and antiviral nucleoside chemistry under the guidance of Dr. Roger Kornberg, our Chief Scientist and recipient of the Nobel Prize in Chemistry in 2006, and Dr. Raymond Schinazi, our Chairman and a world leader in the area of nucleoside chemistry and the founder of several biotechnology companies focusing on antiviral drug discovery and development. 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 have developed proprietary targeted in-house chemical libraries of nucleosides, non-nucleoside inhibitors, metal-binding inhibitors, and fragments. Our 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) Proprietary nucleoside chemistry;

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

(4)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;

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

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

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

(8)Platforms for rapid identification of antiviral enzyme inhibitors showing broad spectrum antiviral capability.

We have applied these techniques to develop antiviral inhibitors of three important viruses: hepatitis C, influenza, and norovirus.

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)Ease of administration, for example, a pill.

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 inhibitors target viral replication enzymes and a viral replication protein, which are unique to viruses. Because the 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 viral proteins involved in replication. Despite the various subtypes of virus that may exist, these enzymes are essentially identical (highly conserved) among all subtypes of a given virus. By targeting these conserved replication enzymes, our antiviral compounds are designed and tested to be effective against all virus subtypes. Replication enzymes are conserved not only among subtypes of a given virus but among many different 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 proteins can overcome the obstacle of viral resistance. We identify and target critical components of viral replication proteins that are essential for function and, therefore, sensitive to change. Any mutation in these critical components is likely to inactivate the protein and, in turn, render the virus incapable of replicating. Because such mutations cannot 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: We select compounds for development that can be administered orally, preferably once daily, and 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 in 2001 and is expected to grow to $15 billion by 2015 (Renub Research 2012).

Today the hepatitis C market belongs to direct-acting antiviral agents (DAAs) that have activity (are effective against all or multiple hepatitis C virus (HCV) genotypes); have a high barrier to resistance; and are orally available.

Hepatitis C is a highly competitive and changing market. Currently, the standard treatment varies with the genotype of the hepatitis C virus infection. Prior to late 2013, treatment included 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 "nucleoside 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 peginterferon alpha. In late 2014, a new class of direct-acting antiviral agents (DAAs), Harvoni™ (sofosbuvir/ledipasvir) and Viekira Pak™ (ombitasvir/paritaprevir/ritonavir, dasabuvir), were approved to treat HCV genotype 1. In addition to these drugs, several compounds are currently in development by companies such as Achillion, Merck, and Bristol-Myers Squibb.

We were originally pursuing drug candidates that target two distinct HCV replication enzymes – NS5B polymerase and NS3 helicase -- that are essential to viral replication and are highly conserved across all HCV genotypes. As a result of the merger with RFS Pharma LLC, we now have two additional drug candidates in our HCV portfolio – a Nuc and an NS5A inhibitor. We have a preclinical pipeline of pan-genotypic NNI), pan-genotypic Nuc, and pan-genotypic NS5A inhibitor in development, which represent the potential for significant commercial opportunities. The drug development candidates in our pipeline show excellent pan-genotypic activity against all major HCV genotypes and high barrier to drug resistance. In addition to these properties, our drug development candidates show favorable safety/tolerability. Manufacturing and IND-enabling studies of these preclinical leads are in progress. We believe there is significant market potential for our unique pan-genotypic combination regimen (Nuc + NNI + NS5A).

We are also developing pan-genotypic antiviral compounds that inhibit HCV helicase, also known as NS3 helicase, another enzyme that is essential for hepatitis C viral replication. These compounds specifically inhibit an essential step of HCV replication prior to the synthesis of new RNA strands by NS5B polymerase. We believe that we are a leader in developing hepatitis C treatments that target this enzyme. Therefore, our HCV helicase inhibitor can be the first in a new class of treatments for hepatitis C.

We anticipate a significant global HCV market opportunity that will persist through at least 2030, given the large prevalence of HCV infection worldwide (170 million HCV infected individuals). We have four HCV direct-acting antiviral agents (DAAs), targeting HCV NS5B polymerase (NNI and Nuc), NS5A, and NS3 helicase, which could be developed as an all-oral, pan-genotypic combination regimen with significant upside. Such a combination treatment with different classes of DAAs has the potential to change the paradigm of treatment for HCV with its efficacy, higher barrier to viral resistance, and shorter duration of treatment. These strategies could allow us to expand and broaden our clinical successes in the 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.

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 their 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. There is currently no effective treatment or effective vaccine for norovirus, and the ability to curtail outbreaks is limited. Few, companies are developing antiviral treatments for this 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 geno-groups of norovirus. Also, because of the significant unmet medical need and the possibility of chronic norovirus infection in immunocompromised individuals, new antiviral therapeutic approaches may warrant an accelerated path to market. Cocrystal is developing inhibitors of the RNA-dependent RNA polymerase of norovirus. Similar to the hepatitis C virus polymerases, this enzyme is essential to viral replication and is highly conserved between all noroviral geno-groups. Therefore, an inhibitor of this enzyme might be an effective treatment or short-term prophylactic agent (when administered during a cruise or hospital stay, for example). We developed a preclinical Nuc which exhibits broad spectrum activity. In addition, we have developed X-ray quality norovirus polymerase crystals. We are implementing the platform and approaches that have proven successful in our other antiviral programs.

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

Influenza is a severe respiratory illness, caused by either 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 a replication enzyme complex essential to viral replication, and should be effective against all forms of influenza, including avian influenza, an emerging public health concern in Asia. The influenza replication complex consists of three different proteins: PA, PB1, and PB2. We have developed X-ray quality influenza crystals, and structure-based leads with an excellent broad spectrum activity against major serotypes. A small number of antiviral product candidates that are competitors for Cocrystal's influenza program are one Nuc (Favipiravir), developed by Toyoma Chemical, and VX-787, developed by Janssen.

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, 2014, our patent portfolio consisted of patents and pending applications in our NS5B, NS3, and NS5A programs. In our NS5B Nuc program, we had five patent families, including three issued patents, two pending U.S. applications, two provisional applications, 18 pending foreign applications, and one international patent application filed under the Patent Cooperation Treaty (PCT) at the World Intellectual Property Organization (WIPO). The counterpart foreign applications were filed in a number of countries and regions, depending on the particular patent family, including Brazil, Canada, China, Egypt, Europe, India, Korea, Mexico, and Russia. In our NS5B NNI program, our patent portfolio consisted of two related families, including one granted U.S. patent and two pending U.S. patent application, with one counterpart application pending in the European Patent Office. In our NS3 protease program, we had two patent families, including one issued U.S. patent, one pending U.S. application, and 13 foreign counterparts pending, depending on the particular patent family, in Australia, Brazil, Canada, China, Europe, Hong Kong, India, Israel, Japan, and Mexico. In our NS5A program, we have one issued patent, one pending provisional application, and foreign counterpart applications pending in Brazil, Canada, Europe, and India. In our Ebola program, our patent portfolio consisted of one pending United States provisional patent application.

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 undue 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 restoration 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

University of Mississippi: Cocrystal Pharma serves as a subcontractor in collaboration with University of Mississippi on an R01 grant from the National Center for Complementary and Alternative Medicine (NCCAM) of the National Institutes of Health (NIH). As part of this collaboration, Cocrystal Pharma will receive approximately $525,000 as part of this grant over a five (5) year period beginning September 30, 2012. As of December 31, 2014, we have received payments of $105,000 and had submitted grant reimbursement requests for an additional $105,000 which was paid in March 2015. The principal objective is to evaluate the in vitro cell-based activity of natural products isolated from plants, bacteria and fungi against the hepatitis C virus (HCV). The extracts that demonstrate excellent activity and no cytotoxicity are further isolated and characterized at the molecular level. Natural products are a highly productive resource for the discovery and development of new, innovative treatments providing unique classes of compounds with novel structural features and mechanisms of action.

Genoscience, BioLineRx and CTTQ: On February 1, 2012, Cocrystal Pharma, in collaboration with Genoscience, entered into a worldwide license agreement with BioLineRx (NASDAQ: BLRX; TASE: BLRX), a biopharmaceutical development company, to develop and commercialize BL-8030, an orally available treatment for hepatitis C. The agreement included upfront royalties and milestones payable to both companies. BL-8030 was co-developed through a joint collaboration between Cocrystal Pharma and Genoscience. Advanced preclinical studies are in progress in collaboration with CTTQ for China and Hong Kong markets.

Emory University: Cocrystal Pharma has an exclusive license from Emory University for use of certain inventions and technology related to inhibitors of HCV that were jointly developed by Emory and Cocrystal Pharma employees. The License Agreement is dated March 7, 2013 wherein Emory agrees to add to the Licensed Patents and Licensed Technology Emory's rights to any patent, patent application, invention, or technology application that is based on technology disclosed within three (3) years of March 7, 2013. The agreement includes royalties and milestones that may be payable upon product commercialization.

NIH: Cocrystal Pharma has two Public Health Biological Materials License Agreements with the NIH. The original License Agreements were dated August 31, 2010 and it was amended on November 6, 2013. The materials licensed are being used in Norovirus assays to screen potential antiviral agents in our library.

University of Pittsburgh and Emory University: Cocrystal Pharma assigned its patent rights to the patent titled "3'-AZIDO PURINENUCLEOTIDE PRODRUGS FOR TREATMENT OF VIRAL INFECTIONS" to University of Pittsburgh on November 21, 2014. This patent is jointly owned by Cocrystal Pharma, the University of Pittsburgh and Emory University.

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 and influenza, including Gilead Sciences, Inc., Merck & Co., Janssen Pharmaceuticals, Inc., Achillion Pharmaceuticals, Bristol-Myers Squibb, Toyoma Chemical Co. and Abbvie, Inc. 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

We do not own or operate, and have no plans to establish any manufacturing facilities. Our chemistry laboratory can produce research scale (milligram-gram) quantities of our lead drug candidates.

Employees

We employ 22 full-time employees. Of these full-time employees, 18 are engaged in research and development activities.

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 have operating facilities in Bothell, WA and Tucker, GA. 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, 2019 and provides for annual rent of approximately $140,000.

As part of the merger (that occurred on November 25, 2014) with RFS Pharma, LLC, Cocrystal assumed the lease for RFS Pharma facilities located in Tucker, GA. This lease was amended on January 1, 2014 and expires on December 31, 2016 for approximately 5,626 (or 6,148) square feet of office and laboratory space. The annual expense for this Lease is estimated to be $183,000 (if all the space as noted in the lease is used then this number is estimated to be $199,632).

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 amount.

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

During 2014, the Company was a named party in two legal proceedings involving Daniel Fisher, a former executive officer of the Company, one of which has recently settled.

The settled proceeding was an action filed in Contra Costa County, California by the landlord, which is an entity managed by Mr. Fisher, to evict MusclePharm as a tenant from real property our now inactive subsidiary, Biozone Laboratories, Inc. ("Biozone Labs") previously leased. MusclePharm purchased operating assets of Biozone Laboratories, Inc. on January 2, 2014, and then immediately merged with Cocrystal Discovery, Inc. ("Cocrystal Discovery"). Prior to the sale of operating assets to MusclePharm, Biozone Pharmaceuticals, Inc. gave notice of the assignment of the lease to MusclePharm and requested that the founder/landlord approve the assignment. On March 27, 2014, the landlord filed suit in the Contra Costa County Court against us and Biozone Labs, 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. In February 2015, the parties entered a settlement agreement, and the case was dismissed on March 2, 2015.

In the second proceeding, the Company was named as a party to a lawsuit filed on April 15, 2014 in Contra Costa County, California by the same entity managed by Mr. Fisher. Also named in this action are two of the Company's subsidiaries – BioZone Labs and Cocrystal Discovery. The action seeks recovery on a promissory note purportedly executed by BioZone Labs in the principal amount of $295,000 in 2007, well before the January 2, 2014 merger with Cocrystal Discovery. Motions challenging the sufficiency of the allegations in the Complaint were filed in the third quarter, 2014, the motions were granted and plaintiff was given an opportunity to amend the complaint, and plaintiff has filed an amended complaint. The Company intends to vigorously defend the action.

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 "COCP" since January 2, 2014. Prior to that it was shown on the OTC Bulletin Board under the symbol "BZNE." The following table sets forth the high and low prices as reported on the OTC Bulletin Board for the prior two years. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. As of March 10, 2015, there were approximately 194 holders of record of our common stock.

	High	Low
Year ended December 31, 2014		
January 1, 2014 through March 31, 2014	$ 0.598	$ 0.33
April 1, 2014 through June 30, 2014	$ 0.44	$ 0.252
July 1, 2014 through September 30, 2014	$ 0.595	$ 0.265
October 1, 2014 through December 31, 2014	$ 0.739	$ 0.52
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 23, 2015 was $1.00 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.

Between February 11, 2015 and March 6, 2015, the Company issued a total of 5,184,940 shares of common stock to 23 accredited investors upon the cashless exercise of warrants acquired by such investors in prior securities offerings of the Company. The shares of common stock issued upon exercise of the warrants have not been registered under the Act and were issued and sold in reliance upon the exemption from registration contained in Section 3(a)(9) of the Act.

On March 3, 2015, the Company filed an amendment to its Certificate of Incorporation that increased the number of its authorized shares of common stock from 200,000,000 to 800,000,000. In accordance with the terms of the Certificate of Designation designating the Series A and the Certificate of Incorporation designating the Series B, the filing of the Certificate of Amendment caused the immediate conversion of the Series A and Series B into a total of 340,760,802 and 205,083,086 shares of common stock, respectively, for no additional consideration. The shares of common stock issued upon conversion have not been registered under the Act and were issued and sold in reliance upon the exemption from registration contained in Section 3(a)(9) of the 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

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

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

The majority of factors based on the qualitative analysis of the considerations in ASC 805 indicate that Cocrystal is the accounting acquirer in the business combination with RFS Pharma. Therefore, the transaction is not a reverse merger as the legal acquirer is also the acquirer from an accounting point of view.

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. 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.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. On an ongoing basis, we evaluate these estimates and judgments, including those described below. We base our estimates on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results and experiences may differ materially from these estimates

While our significant accounting policies are more fully described in the accompanying notes to the consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2014, we believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating our reported financial results and affect the more significant judgments and estimates that we use in the preparation of our consolidated financial statements.

Stock-Based Compensation

We account for stock options related to our equity incentive plans under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718 which requires the recognition of the fair value of stock-based compensation. The fair value of stock options was estimated using a Black-Scholes option valuation model. This model requires the input of subjective assumptions including expected stock price volatility, expected life and estimated forfeitures of each award. The fair value of equity-based awards is amortized ratably over the requisite service period of the award. Due to the limited amount of historical data available to us, particularly with respect to stock-price volatility, employee exercise patterns and forfeitures, actual results could differ from our assumptions.

We account for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC 505, "Equity." As a result, the non-cash charge to operations for non-employee options with service or other performance criteria is affected each reporting period by changes in the estimated fair value of our common stock, as the underlying equity instruments vest. The two factors which most affect these changes are the price of the common stock underlying stock options for which stock-based compensation is recorded and the volatility of the stock price. If our estimates of the fair value of these equity instruments change, it may have the effect of significantly changing compensation expense.

Fair Value of Warrants

Warrants are recorded either as equity instruments or derivative liabilities at their estimated fair value at the date of issuance. In the case of warrants recorded as liabilities, subsequent changes in estimated fair value are recorded in other income (expense) in the Company's statement of operations in each subsequent period. The warrants are measured at estimated fair value using the Black Scholes valuation model, which is based, in part, upon inputs for which there is little or no observable market data, requiring the Company to develop its own assumptions. Inherent in this model are assumptions related to expected stock price volatility, expected life, risk-free interest rate and dividend yield. We estimate the volatility of our common stock at the date of issuance, and at each subsequent reporting period, based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the measurement date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on our historical rate, which we anticipate to remain at zero. The assumptions used in calculating the estimated fair value of the warrants represent our best estimates. However these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and different assumptions are used, the warrant liability and the change in estimated fair value could be materially different.

Business Combinations and Intangible Assets

In connection with our acquisition of RFS Pharma in November 2014, we acquired a substantial amount of intellectual property. We have accounted for the intellectual property acquired as an in-process research and development (IPR&D) asset and have determined that asset to have an indefinite life based on the stage of development of the research projects of RFS Pharma at the date of acquisition. This intangible asset, which we recorded at its estimated fair value of $185.0 million as of the acquisition date, will continue to have an indefinite life until the associated research and development activities are complete, at which point a determination of the asset's useful life will be made. Prior to completion of these research and development activities, the intangible asset will be subject to annual impairment tests, or more frequent tests in the event of any impairment indicators occurring. These impairment tests require significant judgment regarding the status of the research activities, the potential for future revenues to be derived from any products that may result from those activities, and other factors.

We also recorded $65.2 million of goodwill in the RFS Pharma acquisition that is subject to impairment testing. This goodwill primarily represents the amount recorded as a deferred tax liability in the RFS Pharma acquisition, which was required as the goodwill recorded for book purposes is not tax deductible based on the structure of the acquisition. Future impairment tests of goodwill will also require substantial judgment and estimates.

Income Taxes

Given the uncertainty regarding future realizability of our deferred tax assets, which primarily result from our net operating losses and research and development credit carryforwards, we have placed a full valuation allowance on our deferred tax assets. However, as noted above, we have recorded a deferred tax liability of $65.2 million related to the RFS Pharma acquisition. We have not considered this deferred tax liability as a source of future income in our determination of the need for a valuation allowance against our deferred tax assets due to the fact that this deferred tax liability relates to our indefinite-lived IPR&D asset, and the timing of reversal of this deferred tax liability cannot currently be determined due to uncertainty regarding the ultimate outcome of our research activities associated with the intellectual property acquired in the RFS Pharma transaction. To the extent our estimates regarding the outcome of those activities changes in future periods, our determination regarding the valuation allowance may also change.

Results of Operations for the Years Ended December 31, 2014 and December 31, 2013

As stated above, we are focused on research and development of novel medicines for use in the treatment of human viral diseases. Accordingly, we had no revenue for the years ended December 31, 2014 or 2013, except for $9,000 in grant revenues in 2014. For the year ended December 31, 2014, we had a net loss of approximately $99,000 compared to a net loss of approximately $3,887,000 for 2013. We reported a net loss of $99,000 for the year ended December 31, 2014 primarily due to the substantial decrease in the fair value of our outstanding warrants, which are accounted for as liabilities. Under accounting principles generally accepted in the United States, we record other income or expense for the change in fair value of our outstanding warrants that are accounted for as liabilities during each reporting period. If the value of the warrants decreases during a period, which occurred during the year ended December 31, 2014, we record other income. The fair value of our outstanding warrants is inversely related to the fair value of the underlying common stock; as such, a decrease in the fair value of our common stock during a given period generally results in other income while an increase in the fair value of our common stock generally results in other expense. This other income or expense is non cash. We believe investors should focus on our operating loss rather than net income or loss for the periods presented. Other income or (loss) related to the change in fair value of our liability-classified warrants for the year ended December 31, 2014 was $4,784,000, and our operating loss for the year ended December 31, 2014 was $5,799,000, respectively, compared to an operating loss of $4,081,000 in 2013.

Research and Development Expense

Research and development expense consists primarily of compensation-related costs for our 18 employees dedicated to research and development activities and for our Scientific Advisory Board members, as well as lab supplies, lab services, and facilities and equipment costs. We expect research and development expenses to increase in future periods as we expand our pre-clinical development activities.

Total research and development expenses were $4,071,000 for the year ended December 31, 2014, compared with $3,862,000 for the year ended December 31, 2013. The increase of $209,000, or 5%, was due to a $122,000 increase in personnel, supplies, and facilities costs associated with the addition of RFS Pharma LLC, and a $389,000 increase in lab supply and services primarily associated with preclinical manufacturing costs, offset by a $292,000 decrease in personnel costs due to the closure of the California lab facility in June 2014, and a decrease in facilities and equipment costs of $10,000.

General and Administrative Expense

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

General and administrative expenses were $1,737,000 for the year ended December 31, 2014, compared with $219,000 for the year ended December 31, 2013. The increase of $1,518,000, or 693%, was due to a $293,000 increase in personnel costs, a $1,008,000 increase in accounting, legal and other professional services associated with the mergers and financing costs and our status as a public company, and a $217,000 increase in facilities and insurance costs due to the additional lease in Princeton, New Jersey and additional D&O insurance.

Future general and administrative expenses are expected to continue at the current levels other than specific costs related to the mergers that occurred in 2014.

Interest Income/Expense

Interest income was $96,000 for the year ended December 31, 2014, which represents interest earned on the mortgage note we acquired in June 2014. The key objectives of our investment policy are to preserve principal and ensure sufficient liquidity, so our invested cash may not earn as high a level of income as longer-term or higher risk securities, which generally have less liquidity and more volatility.

Other Income/Expense

Other income, net, was $5,648,000 for the year ended December 31, 2014 compared with $194,000 for the year ended December 31, 2013.

The increase in other income, net of $5,054,000 for the year ended December 31, 2014 was due to a $1,359,000 increase in realized gain on marketable securities, and the increase in other income of $5,538,000 related to the decrease in the fair value of our derivative liabilities as our stock price decreased, which were offset by other expense of $946,000 for the difference between the proceeds received in our January 2014 common stock financing and the fair value of the warrants issued with the common stock. These derivative liabilities are warrants to acquire the Company's common stock that are potentially settleable in cash.

Income Taxes

For the year ended December 31, 2014, we recorded an income tax benefit of $52,000 related to the unrealized gain on our marketable securities. Because we have a full valuation against our deferred tax assets and a pretax loss for the year ended December 31, 2014, we recorded an income tax benefit and a corresponding reduction of accumulated other comprehensive income for the portion of the tax expense associated with the unrealized gain that is allocable to continuing operations. We did not record an income tax provision or benefit in 2013.

Liquidity and Capital Resources

We had cash and cash equivalents of approximately $4.0 million as of December 31, 2014. In addition to the $4.0 million of cash and cash equivalents, we also held MusclePharm common stock with a fair value of $2.0 million as of December 31, 2014, which are held in escrow pending resolution of the matters discussed further below.

For the year ended December 31, 2014, net cash used in operating activities was $6,008,000, compared to net cash used in operating activities of $3,686,000 for 2013. The increase in cash used in operating activities from 2013 to 2014 was attributable to our increase in research and development activities, including an increase in personnel, and increased general and administrative expenses associated with being a public company and with the two mergers we entered into during 2014. In 2014, net cash generated by investing activities was primarily due to the sale of marketable securities of $7,900,000, $589,000 of cash acquired in the merger with Biozone Laboratories, Inc., $194,000 of cash acquired in the acquisition of RFS Pharma, LLC, which were offset by the investment in a mortgage note receivable of $2,626,000. Cash used in investing activities in 2013 of $4,000 consisted only of insignificant capital expenditures. For the year ended December 31, 2014, net cash provided by financing activities was $2,865,000, compared to cash provided by financing activities of $7,000 for 2013. In 2014, net cash generated by financing activities was primarily due to the proceeds from the issuance of common stock and warrants of $2,750,000 in January 2014.

In March, 2015 we received commitments from investors to invest $15,000,000 in the Company. As of March 31 we had received $11,800,000. As we continue to incur losses, achieving profitability is dependent upon the successful development, approval and commercialization of our product candidates, which is a number of years in the future. Once that occurs, we will have to achieve a level of revenues adequate to support our cost structure. We may never achieve profitability, and unless and until we do, we will continue to need to raise additional capital. Over the next 12 months ending December 31, 2015, we estimate negative cash flow of approximately $11.0 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 the MusclePharm common stock at such time as they are released from escrow, which is dependent on resolution of the contingency described in Note 15 to the financial statements. There can be no assurances, however, that additional funding will be available on terms acceptable to us, or at all.

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.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors before deciding whether to invest in the Company. If any of the events discussed in the risk factors below occur, our business, financial condition, results of operations or prospects could be materially and adversely affected. In such case, the value and marketability of the common stock could decline.

RISKS RELATED TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

Because we have never generated revenue we expect that due to the regulatory constraints on a drug development company with products in the pre-clinical stage, that we not generate revenue and continue to incur significant losses for the foreseeable future.

We are a preclinical-stage, biopharmaceutical discovery and development company. Since inception, 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

Without revenue, we have incurred significant losses since inception of each of our operating subsidiaries, Cocrystal Discovery and RFS Pharma. We do not expect to file any new drug applications until late 2015. Thereafter, because of the need to complete clinical trials, establish safety and efficacy and obtaining regulatory approval, we do not anticipate generating revenue for at least 5 years and will continue to sustain large losses.[1]

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

Because we have yet to generate any revenue on which to evaluate our potential for future success and to determine if we will be able to execute our business plan, it is difficult to evaluate our future prospects and the risk of success or failure of our business.

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. We have no product candidates that have generated any commercial revenue, do not expect to generate revenues from the commercial sale of products in the near future, and might never generate revenues from the sale of products. Our ability to generate revenue and achieve profitability will depend on, among other things, the following:

- 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. Moreover, 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.

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

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is very expensive. We expect our research and development expenses to substantially increase as we advance our product candidates toward clinical programs. In order to conduct these trials, 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. In March 2015, we raised $15,000,000 from the sale of common stock, including 58.3% to our directors.

As we move lead compounds through toxicology and other preclinical studies, also referred to as nonclinical studies, we will be required to file an Investigational New Drug application (“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.

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

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

If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results and prospects or may not be able to remain operational.

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 our 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.

If we do not succeed in our efforts to identify or discover potential product candidates, your investment may be lost.

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.

If we are unable to successfully complete preclinical testing and clinical trials of our product candidates or experience significant delays in doing so, our business will be materially harmed.

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 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 ("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.

Following 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 New Drug Application ("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 ("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 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 our workers' compensation insurance may 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 other 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 ("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 using 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 RELIANCE ON THIRD PARTIES

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

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. See "Collaborations" under Item 1, of this Report. 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.

Termination of a strategic alliance 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.

If these third parties terminate their engagements, we will need to enter into alternative arrangements which 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.

Because we expect to rely on limited sources of supply for the drug substance and drug product of product candidates, 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.

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 ("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 invent 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 ("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, 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 strategic alliances are terminated and we elect to continue product development alone, we may sustain adverse consequences including increased costs, reduction of other programs and the dilution from additional financing.

If any of our strategic alliances our unsuccessful or are terminated, we may be forced to continue development at our own expense. Assuming sole responsibility for further development will increase our expenditures, and may requires us 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 product candidates.

Because we face significant competition from other biotechnology and pharmaceutical companies, 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.

Assuming one or more product candidates achieve regulatory approval and we commence marketing such products, 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 our current product candidates are approved, we expect sales to generate substantially all of our product revenues for the foreseeable future, and as such, the failure of these products to find market acceptance would harm our business.

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.

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.

RISKS RELATED TO OUR BUSINESS OPERATIONS AND INDUSTRY

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

We depend on principal members of our executive and research teams, the loss of whose services may adversely impact the achievement of our objectives. We are highly dependent on our management team and our Chairman of the Board, Dr. Raymond Schinazi, who is a part-time consultant. We do not carry "key-man" life insurance on the lives of any of our employees or advisors. Furthermore, our future success will also depend in part on the continued service of our key scientific and management personnel and our ability to identify, hire, and retain additional personnel. 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. Because of this competition, our compensation costs may increase significantly. If we lose key employees, our business may suffer.

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

We have 22 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.

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.

We have locations in Washington and Georgia. We are vulnerable to natural disasters such as earthquakes, =s and other events that could disrupt our operations. We do not carry insurance for 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.

If our information technology systems are hacked, a third party may misappropriate our trade secrets which could harm our business and future results of operations.

We keep some of our intellectual property, including trade secrets and results of our preclinical research on a central server, and our employees email such information to each other and to third parties outside of our offices. In addition, since we do not encrypt all of this information, there is a risk that hackers could misappropriate our intellectual property. Any such misappropriation could harm our business and future results of operations.

RISKS RELATED TO OUR COMMON STOCK

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

The Securities and Exchange Commission ("SEC") has adopted regulations which generally 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 Bulletin Board has been substantially less than $5.00 per share and therefore we are currently 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.

Due to factors beyond our control, our stock price may be volatile.

Companies trading in the stock market in general, and particularly the over-the-counter markets, including the OTCQB, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Our common stock price recently has experienced significant gains even though there has been no disclosure by us of any positive factors. 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 10, 2015, our executive officers, directors, 5% stockholders and their affiliates beneficially owned approximately 69.4% of our common 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.

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 approximately 34 million.

If we are subject to securities class action litigation, we may sustain material costs.

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 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 ("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 RFS Pharma and Cocrystal Discovery mergers 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.

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 10, 2015, we had approximately 674 million shares of common stock outstanding, approximately 141 million of which may be publicly sold under Rule 144. In connection with the RFS Pharma merger, certain stockholders of the Company entered a Stockholder Rights Agreement under which the shareholders, who collectively hold approximately 470 million shares of common stock, or approximately 70% of the Company's outstanding shares as of March 10, 2015, are generally prohibited from transferring their shares until November 25, 2015. Following that date, these shares may be sold publicly, although our officers, directors and other affiliates will be subject to Rule 144 limitations as described 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 the Company may sell after six months (subject to contractual restrictions as described above) with the following restrictions:

(i) we are current in our filings,

(ii) certain manner of sale provisions, and

(iii) filing of Form 144.

Future sales of our common stock could cause the market price of our common stock to drop significantly, even if our business is performing well.

We may issue preferred which could make it more difficult for a third party to acquire us and could depress our stock price.

In accordance with the provisions of our Certificate of Incorporation and the Stockholder Rights Agreement described above, our Board may issue one or more additional series of preferred stock that have more than one vote per share, so long as the Board obtains the majority approval of each of the groups of shareholders who formerly held our Series A and Series B. 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.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary

COCRYSTAL PHARMA, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Cocrystal Pharma, Inc.
Bothell, Washington

We have audited the accompanying consolidated balance sheets of Cocrystal Pharma, Inc. (the "Company") as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 presentation of the financial statements. 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 financial position of Cocrystal Pharma, Inc. at December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

Seattle, Washington
March 31, 2015

COCRYSTAL PHARMA, INC.
(a development stage company)

CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 3,970	$ 1,034
Accounts receivable	122	-
Marketable securities	1,975	-
Prepaid and other current assets	144	139
Mortgage note receivable, current portion	165	-
Total current assets	6,376	1,173
Property and equipment, net	284	469
Deposits	31	19
Mortgage note receivable, long-term portion	2,431	-
In process research and development	184,966	-
Goodwill	65,195	-
Total assets	$ 259,283	$ 1,661
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	299	224
Accrued expenses	394	139
Derivative liabilities	8,464	23
Total current liabilities	9,157	386
Long-term liabilities		
Deferred rent	62	-
Deferred tax liability	65,195	-
Total long-term liabilities	65,257	-
Total liabilities	74,414	386
Commitments and contingencies		
Cocrystal Discovery, Inc. Series A convertible preferred stock, $0.001 par value; 7,150 shares authorized; 0 and 7,046 shares issued and outstanding at December 31, 2014 and December 31, 2013, respectively; liquidation preference of $14,000 as of December 31, 2013, owned by Cocrystal Discovery shareholders, converted in the merger with Biozone.	-	10,108
Series A convertible preferred stock, $0.001 par value; 1,000 shares authorized, issued and outstanding at December 31, 2014, issued in the merger with RFS Pharma, LLC	178,218	-
Stockholders' equity (deficit):		
Series B convertible preferred stock, $.001 par value; 5,000 shares authorized; 1,000 and 279 shares issued and outstanding at December 31, 2014 and December 31, 2013, respectively	1	-
Common stock, $.001 par value; 200,000 and 262,186 shares authorized, 122,494 and 0 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	123	-
Additional paid-in capital	18,725	3,502
Accumulated other comprehensive income, net of tax	236	-
Accumulated deficit	(12,434)	(12,335)
Total stockholders' equity (deficit)	6,651	(8,833)
Total liabilities and stockholders' equity (deficit)	$ 259,283	$ 1,661

See accompanying notes to consolidated financial statements.

COCRYSTAL PHARMA, INC.
(a development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands)

	2014	2013
Grant revenues	$ 9	$ -
Operating expenses		
Research and development	4,071	3,862
General and administrative	1,737	219
Total operating expenses	5,808	4,081
Loss from operations	(5,799)	(4,081)
Interest income	96	2
Realized gain on sale of marketable securities	1,359	-
Other expense	(7)	-
Fair value of warrant liabilities in excess of proceeds from financing	(946)	-
Loss on return of escrowed shares	(584)	-
Change in fair value of derivative liabilities	5,730	192
Total other income, net	5,648	194
Loss before income taxes	(151)	(3,887)
Income tax benefit	52	-
Net loss	$ (99)	$ (3,887)
Comprehensive income (loss):		
Net loss	$ (99)	$ (3,887)
Unrealized gain on marketable securities, net of tax	236	-
Total comprehensive income (loss)	$ 137	$ (3,887)
Net loss per common share:		
Net loss per share, basic	$ (0.00)	$ (0.07)
Net loss per share, diluted	(0.01)	(0.07)
Weighted average common shares outstanding, basic	326,779	57,255
Weighted average common shares outstanding, diluted	327,753	57,255

See accompanying notes to consolidated financial statements.

COCRYSTAL PHARMA, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands)

	Cocrystal Discovery, Inc. Series A Convertible Preferred Stock		Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-in capital	Accumulated other comprehensive income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2012	7,046	$ 10,108	-	$ -	279	$ -	-	$ -	$ 3,440		$ (8,448)	$ (5,008)
Issuance of common stock												-
Issuance of series A preferred stock												-
Stock based compensation									55			55
Exercise of stock options									7			7
Net loss											(3,887)	(3,887)
Balance as of December 31, 2013	7,046	10,108	-	-	279	-	-	-	3,502		(12,335)	(8,833)
Conversion of series A convertible stock	(7,046)	(10,108)			721	1			10,107			10,108
Merger between Biozone Pharmaceuticals, Inc. and Cocrystal Discovery, Inc.							115,907	116	(1,596)			(1,480)
Exercise of common stock options							1,087	1	115			116
Stock-based compensation									38			38
Issuance of common stock and warrants in January 2014							5,500	6	(6)			-
Unrealized gain on marketable securities, net of tax										236		236
Series A preferred stock issued in the merger with RFS Pharma, LLC			1,000	178,218								-
Stock options issued in the merger with RFS Pharma, LLC									6,565			6,565
Net loss											(99)	(99)
	-	$ -	1,000	$178,218	1,000	$ 1	122,494	$ 123	$ 18,725	$ 236	$ (12,434)	$ 6,651

See accompanying notes to consolidated financial statements.

COCRYSTAL PHARMA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	2014	2013
Operating activities:		
Net loss	$ (99)	$ (3,887)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	199	236
Stock-based compensation	38	55
Fair value of warrant liabilities in excess of proceeds from financing	946	-
Change in fair value of derivative liabilities	(5,730)	(192)
Deferred income tax	(52)	-
Loss on return of escrowed shares	584	-
Realized gain on sale of marketable securities	(1,359)	-
Loss on sale of equipment	6	-
Changes in operating assets and liabilities, net of effects of reverse merger with Biozone Pharmaceuticals, Inc. and the merger with RFS Pharma, LLC:		
Prepaid expenses and other current assets	9	(1)
Accounts payable and accrued expenses	(551)	103
Net cash used in operating activities	(6,009)	(3,686)
Investing activities		
Cash acquired in acquisition of Biozone Pharmaceuticals, Inc.	589	-
Cash acquired in acquisition of RFS Pharma, Inc.	194	-
Purchase of property and equipment	(5)	(4)
Long term deposits	(3)	-
Proceeds from sale of marketable securities	7,900	-
Investment in mortgage note receivable	(2,626)	-
Principal payments received on mortgage note receivable	30	-
Net cash provided by (used in) investing activities	6,079	(4)
Financing activities		
Proceeds from exercise of stock options	116	7
Proceeds from issuance of common stock and warrants	2,750	-
Net cash provided by financing activities	2,866	7
Net increase (decrease) in cash and cash equivalents	2,936	(3,683)
Cash and cash equivalents at beginning of period	1,034	4,717
Cash and cash equivalents at end of period	$ 3,970	$ 1,034
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Unrealized gain on marketable securities net of tax	$ 236	$ -
Fair value of assets acquired and liabilities assumed in reverse merger with Biozone Pharmaceuticals, Inc.		
Prepaid expenses and other current assets	$ 5	$ -
Marketable securities	8,811	-
Accounts payable and accrued expenses	(410)	-
Derivative liabilities	(10,475)	-
Fair value of Series A preferred stock issued in acquisition of RFS Pharma, LLC	178,218	-
Fair value of stock options issued in acquisition of RFS Pharma, LLC	6,565	-
Fair value of assets acquired and liabilities assumed in acquisition of RFS Pharma, LLC		
In-process research and development	184,966	-
Goodwill	65,195	-
Deferred tax liabilities	(65,195)	-
Prepaid expenses and other current assets	132	-
Accounts payable and accrued expenses	(532)	-
Property and equipment	14	-
Other long term assets	10	-

See accompanying notes to consolidated financial statements.

COCRYSTAL PHARMA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

Cocrystal Pharma, Inc. (the "Company") is a biopharmaceutical company focused on developing antiviral therapeutics for human diseases.

On January 2, 2014, Biozone Pharmaceuticals, Inc. merged with Cocrystal Discovery, Inc. (as further described below). The Company was previously incorporated in Nevada under the name Biozone Pharmaceuticals, Inc. ("Biozone"). On March 18, 2014, the Company reincorporated in Delaware under the name Cocrystal Pharma, Inc. ("we", the "Company", or "Cocrystal").

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 antiviral drug candidates since its initial funding in 2008. 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.

Effective January 2, 2014, Biozone, Biozone Acquisitions Co., Inc., a wholly-owned subsidiary of Biozone (the "Merger Sub"), and Cocrystal Discovery entered into and closed an Agreement and Plan of Merger (the "Biozone Merger Agreement"). Pursuant to the Biozone Merger Agreement, Merger Sub merged with and into Cocrystal Discovery (the "Merger"), with Cocrystal Discovery continuing as the surviving corporation and a wholly-owned subsidiary of Biozone. Cocrystal Discovery is considered the accounting acquirer as its shareholders own 60% of the combined entity after the Merger. In connection with the Biozone Merger Agreement, all of the Company's shares of Series A preferred stock were first converted to common stock, and Biozone then issued to Cocrystal Discovery's security holders a total of 1,000,000 shares of the Company's Series B Convertible Preferred Stock ("Series B") (at a ratio of 0.07454 Series B stock for each common share of Cocrystal Discovery). 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 Discovery 2007 Equity Incentive Plan. Subsequent to the Merger, Biozone changed its name to Cocrystal Pharma, Inc.

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 operations were disposed of immediately prior to the consummation of the Merger as reported on a Form 8-K filed by Biozone on January 2, 2014. Cocrystal Discovery is treated as the accounting acquirer as its shareholders control the Company after the Merger, even though Biozone was the legal acquirer. As a result, the assets and liabilities and the historical operations that are reflected in these financial statements are 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. Since Biozone had no operations upon the Merger taking place, the transaction was treated as a recapitalization for accounting purposes and no goodwill or other intangible assets were recorded by the Company as a result of the Merger. Historical common stock amounts and additional paid-in capital have been retroactively adjusted using the exchange ratio of 0.07454 Series B shares for each one common share of Cocrystal Discovery.

Effective November 25, 2014, Cocrystal, Cocrystal Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of Cocrystal, Cocrystal Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Company (the "Cocrystal Merger Sub"), RFS Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Company (the "RFS Merger Sub") and RFS Pharma, LLC, a Georgia limited liability company ("RFS Pharma"), entered into and closed an Agreement and Plan of Merger (the "RFS Merger Agreement").

The consideration paid by the Company was approximately $184.8 million, consisting of the issuance of 1,000,000 shares of Series A Preferred stock ("Series A") with an estimated fair value of approximately $178.2 million and the issuance of 16,542,538 options to purchase the Company's common stock as replacements of awards previously issued to employees of RFS Pharma with an estimated fair value of approximately $6.6 million. The Series A shares automatically converted into 340,760,802 shares of the Company's common stock upon the approval of the Company's shareholders on March 3, 2015 to increase the total number of the Company's authorized common shares to 800,000,000 shares. Prior to the Series A shares being converted to common stock, the Series A shares contained a provision that they could be redeemed at each holder's option based on a defined conversation price beginning on November 25, 2015 if not previously converted to common stock. The Series A shares were therefore classified as mezzanine equity in the Company's balance sheet as of December 31, 2014, because at that time such shares could potentially have been redeemed by its holders for events that were outside the Company's control. No accretion to redemption value was required, as redemption was not probable.

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of Cocrystal Pharma, Inc. and its wholly owned subsidiaries: RFS Pharma, LLC, Cocrystal Discovery, Inc., Cocrystal Merger Sub, Inc., Baker Cummins Corp. and Biozone Laboratories, Inc. Intercompany transactions and balances have been eliminated.

Liquidity

The Company has no products approved for sale, has not generated any revenues to date from product sales, and has incurred significant operating losses since inception. The Company has never been profitable and has incurred losses from operations of $5.8 million and $4.1 million in the years ended December 31, 2014 and 2013, respectively. Subsequent to December 31, 2014, the Company received commitments for a $15,000,000 private stock placement, of which $11,800,000 has been received. The Company believes that its cash and cash equivalents of $4.0 million as of December 31, 2014, and funds received in this financing will be sufficient to allow the Company to fund its current operating plan for at least the next 12 months As the Company continues to incur losses, achieving profitability is dependent upon the successful development, approval and commercialization of its product candidates, and achieving a level of revenues adequate to support the Company's cost structure. The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional capital. Management intends to fund future operations through additional private or public debt or equity offerings, and may seek additional capital through arrangements with strategic partners or from other sources. There can be no assurances, however, that additional funding will be available on terms acceptable to the Company, or at all.

2. Summary of Significant Accounting Policies

Segments

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

Use of Estimates

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash.

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, rapid technological change, regulatory approvals, competition from current treatments and therapies and larger companies, protection of proprietary technology, strategic relationships and dependence on key individuals.

Products developed by the Company require clearances from the U.S. Food and Drug Administration (the "FDA") and other international regulatory agencies prior to commercial sales in their respective markets. The Company's products may not receive the necessary clearances and if they are denied clearance, clearance is delayed or the Company is unable to maintain clearance the Company's business could be materially adversely impacted.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity from the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents include cash in a readily available checking account.

Marketable securities

Marketable securities consist of equity securities of publicly traded entities, and are classified as available-for-sale and carried at fair value on the balance sheet. Changes in the fair value of marketable securities are recorded as other comprehensive income.

Property and Equipment

Property and equipment, which consists of lab equipment, computer equipment, and office equipment, are stated at cost and depreciated over the estimated useful lives of the assets (three to five years) using the straight-line method.

Goodwill and In-Process Research and Development

Goodwill and an intangible asset for in-process research and development were recorded in connection with the acquisition of RFS Pharma in November 2014. In-process research and development represents a series of awarded patents, filed patent applications and an in-process research program acquired in the acquisition of RFS Pharma that are integral to the development of the Company's planned future products. In-process research and development represents an indefinite-lived intangible asset. As a result, both goodwill and in-process research and development are not amortized but are tested for impairment annually at the reporting unit level on November 30 or more frequently if events and circumstances indicate impairment may have occurred. Factors the Company considers important that could trigger an interim review for impairment include, but are not limited to, the following:

- Significant changes in the manner of its use of acquired assets or the strategy for its overall business;
- Significant negative industry or economic trends;
- Significant decline in stock price for a sustained period; and
- Significant decline in market capitalization relative to net book value.

Goodwill and in-process research and development are evaluated for impairment first by a qualitative assessment to determine the likelihood of impairment. If it is determined that impairment is more likely than not, the Company will then proceed to the two step impairment test. For goodwill, the first step is to compare the fair value of the reporting unit to the carrying amount of the reporting unit and for in-process research and development to compare the fair value of the in-process research and development asset to its carrying amount (the "First Step"). If the carrying amount exceeds the fair value, a second step must be followed to calculate impairment (the "Second Step"). Otherwise, if the fair value exceeds the carrying amount, the goodwill or indefinite-lived research and development asset is not considered to be impaired as of the measurement date. In its review of the carrying value of the goodwill for its single reporting unit and its in-process research and development, the Company determines fair values of its goodwill using the market approach, and its in-process research and development asset using the income approach.

In performing the preliminary purchase price allocation for the RFS Pharma acquisition, the Company considered, among other factors, the Company's intention for future use of acquired assets, analyses of historical financial performance and estimates of future performance of RFS Pharma's product candidates. The fair values of intangible assets were calculated primarily using a discounted cash flow analysis of future development costs and exit values under a number of different scenarios. Company management estimated the probabilities of occurrence of each scenario and prepared forecast balance sheets and income statements for the combined company. The rates utilized to discount net cash flows to their present values were based on a range of discount rates from 4.7% (rate during the active periods) to 15.6% (terminal rate).

No impairment of goodwill or in-process research and development assets was recorded during the year ended December 31, 2014. The Company had no goodwill or in-process research and development assets as of December 31, 2013.

Long-Lived Assets

The Company regularly reviews the carrying value and estimated lives of all of its long-lived assets, including property and equipment, to determine whether indicators of impairment may exist which warrant adjustments to carrying values or estimated useful lives. The determinants used for this evaluation include management's estimate of the asset's ability to generate positive income from operations and positive cash flow in future periods as well as the strategic significance of the assets to the Company's business objective. Should an impairment exist, the impairment loss would be measured based on the excess of the carrying amount over the asset's fair value. The Company has not recognized any impairment losses through December 31, 2014.

Mortgage Note Receivable

The Company records its mortgage note receivable at the amount advanced to the borrower, which includes the stated principal amount and certain loan origination and commitment fees that are recognized over the term of the mortgage note. Interest income is accrued as earned over the term of the mortgage note. The Company evaluates the collectability of both interest and principal of the note to determine whether it is impaired. The note would be considered to be impaired if, based on current information and events, the Company determined that it was probable that it would be unable to collect all amounts due according to the existing contractual terms. If the note were considered to be impaired, the amount of loss would be calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the note's effective interest rate or to the fair value of the Company's interest in the underlying collateral, less the cost to sell. No impairment loss has been recognized in connection with the mortgage note receivable.

Grant Revenue and Accounts Receivable

Research and development grants are recorded as revenue when there is reasonable assurance that the Company has complied with all conditions necessary to achieve the grants, collectability is reasonably assured, and as the expenditures are incurred. Accounts receivable represents amounts due under research and development grants that has not yet been received.

Research and Development Expenses

All research and development costs are expensed as incurred.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings. The Company recognizes an uncertain tax position in its financial statements when it concludes that a tax position is more likely than not to be sustained upon examination based solely on its technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. The Company elects to accrue any interest or penalties related to income taxes as part of its income tax expense.

Stock-Based Compensation

The Company recognizes compensation expense using a fair-value-based method for costs related to stock-based payments, including stock options. The fair value of options awarded to employees is measured on the date of grant using the Black-Scholes option pricing model and is recognized as expense, net of a forfeiture rate, over the requisite service period on a straight-line basis.

Use of the Black-Scholes option pricing model requires the input of subjective assumptions including expected volatility, expected term, and a risk free interest rate. The Company estimates volatility using market comparable entities since the Company's common stock has limited trading history and limited observable volatility of its own. The expected term of the options is estimated by using the Securities and Exchange Commission Staff Bulletin No. 107's *Simplified Method for Estimate Expected Term*. The risk free interest rate is estimated using comparable published federal funds rates.

The Company accounts for equity instruments issued to parties, other than employees, for acquiring goods or services under the guidance of Subtopic 505-50 of the Accounting Standards Codification ("ASC"), *Equity-Based Payments to Non-Employees.* Transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the equity instrument issued. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which a performance commitment is reached.

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, 2014:

- Estimated dividends: None
- Expected volatility: 79 - 103%
- Risk-free interest rate: 0.25 - 2.11%
- Expected term: 1.16 – 9.05 years

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-10 *, Development Stage Entities: Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*, which eliminates the concept of a development stage entity, or DSE, in its entirety from GAAP. Under previous guidance, DSEs were required to report incremental information, including inception-to-date financial information, in their financial statements. A DSE is an entity devoting substantially all of its efforts to establishing a new business and for which either planned principal operations have not yet commenced or have commenced but there has been no significant revenues generated from that business. Entities classified as DSEs are no longer subject to these incremental reporting requirements after adopting ASU No. 2014-10. ASU No. 2014-10 is effective for fiscal years beginning after December 15, 2014, with early adoption permitted. Prior to the issuance of ASU No. 2014-10, the Company had met the definition of a DSE since its inception. The Company elected to adopt this ASU early, and therefore it has eliminated the incremental disclosures previously required of DSEs.

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

3. **RFS Pharma, LLC Acquisition**

On November 25, 2014, the Company entered into and closed an Agreement and Plan of Merger with RFS Pharma. At the closing of the merger, the Company issued to RFS Pharma's members 1,000,000 shares of the Company's Series A preferred shares to purchase all of the outstanding member interests in RFS Pharma, and also issued 16,542,538 options to purchase the Company's common stock as replacements of awards previously issued to employees of RFS Pharma. The Series A shares automatically converted into 340,760,802 shares of the Company's common stock upon the approval of the Company's shareholders on March 3, 2015 to increase the total number of the Company's authorized common shares to 800,000,000 shares.

The goodwill associated with the acquisition is not deductible for tax purposes.

The fair value of the Series A shares was based on the quoted market price of the Company's common stock into which the Series A shares were convertible and the fair value of the replacement options issued was based on the Black-Scholes option pricing model.

The purchase price consideration was allocated based on the estimated fair value of the tangible and identifiable intangible assets acquired and liabilities assumed from RFS Pharma. Based upon the estimated fair values determined by the Company, the total purchase price was allocated as follows (in thousands):

Purchased in-process research and development	$ 184,966
Net book value of tangible assets acquired	(183)
Goodwill	65,195
Deferred tax liability	(65,195)
Total purchase price	$ 184,783

4. **Property and Equipment**

Property and equipment consist of the following (in thousands):

	December 31,	
	2014	**2013**
Lab equipment	$ 1,146	$ 1,113
Computer and office equipment	87	92
Total equipment	$ 1,233	1,205
Less accumulated depreciation	(949)	(736)
Property and equipment, net	$ 284	$ 469

Depreciation expense for the years ended December 31, 2014 and 2013 was $199,000 and $236,000, respectively.

5. Marketable Securities

As of December 31, 2014, the Company owns 260,000 shares of MusclePharm, Inc. ("MusclePharm") common stock. The 260,000 shares were part of 600,000 shares originally issued to the Company related to the Company's sale of assets to MusclePharm that were required to be held in escrow until October 2014 to satisfy any breaches of representations under the Biozone Merger Agreement. The 600,000 shares received by the Company that were not required to be held in escrow were sold for $5,400,000 in June 2014. On September 29, 2014, the Company signed a Memo of Understanding in which it agreed to release 90,000 shares of MusclePharm stock out of the original balance of 600,000 shares held in escrow in exchange for a release from all claims which MusclePharm had made concerning assets which it acquired in its purchase of assets from the Company in January 2014. The Company recognized a net loss on the return of these MusclePharm shares of $584,000 in the year ended December 31, 2014. In October 2014, MusclePharm exercised its right to repurchase 250,000 shares of MusclePharm shares at $10.00 per share. MusclePharm did not withdraw the portion of its claim that relates to the pending eviction proceedings (See note 14) and will continue to hold in escrow 260,000 shares of its stock pending such time as MusclePharm and the Company can reach a mutually agreeable arrangement with respect to the MusclePharm lease; however, it no longer has the option to repurchase such shares at $10.00 per share. As of December 31, 2014, the Company owned 260,000 MusclePharm shares which were recorded at their estimated fair value of $1,975,000.

6. Mortgage Note Receivable

In June 2014, the Company acquired a mortgage note from a bank for $2,626,290 which is collateralized by, among other things, the underlying real estate and related improvements. The property subject to the mortgage is owned by Daniel Fisher, one of the founders of Biozone, and is currently under lease to MusclePharm. At December 31, 2014, the carrying amount of the mortgage note receivable was $2,596,000, which consisted of $2,478,000 of principal, $91,000 of interest and $27,000 of fees paid to the selling bank. The mortgage note has a maturity date of August 1, 2032 and bears an interest rate of 7.24%. The Company records its mortgage note receivable at the amount advanced to the borrower, which includes the stated principal amount and certain loan origination and commitment fees that are recognized over the term of the mortgage note. Interest income is accrued as earned over the term of the mortgage note. The Company evaluates the collectability of both interest and principal of the note to determine whether it is impaired. The note would be considered to be impaired if, based on current information and events, the Company determined that it was probable that it would be unable to collect all amounts due according to the existing contractual terms. If the note were considered to be impaired, the amount of loss would be calculated by comparing the recorded investment to the value determined by discounting the expected future cash flows at the note's effective interest rate or to the fair value of the Company's interest in the underlying collateral, less the cost to sell. No impairment loss has been recognized in connection with the mortgage note receivable.

7. Convertible Preferred Stock

Series A Convertible Preferred Stock

As of December 31, 2013, Cocrystal Discovery, Inc. had outstanding shares of its Series A Preferred Stock ("Cocrystal Discovery Series A"). The holders of Cocrystal Discovery Series A preferred stock were entitled to receive cumulative dividends at a rate of $0.1153 per share per annum. The preferred stock dividends were payable when and if declared by the Company's Board of Directors. No dividends were ever declared on the Cocrystal Discovery Series A.

In connection with the merger with Biozone, the Company exchanged the above Cocrystal Discovery Series A for a new Series B Convertible Preferred Stock. See below for more information.

The Company has authorized up to 5,000,000 shares of preferred stock, $0.001 par value per share, for issuance. In connection with the merger with RFS Pharma in November 2014, the Company created a new series of Series A Preferred Stock ("Series A"). The Series A shares automatically converted into 340,760,802 shares of the Company's common stock on March 3, 2015 as a result of the Company's shareholders approving an increase in the number of the Company's authorized common shares to 800,000,000. The Series A shares were classified as mezzanine equity in the Company's balance sheet as of December 31, 2014, because at that date such shares could potentially have been redeemed by its holders for events that were outside the Company's control. No accretion to redemption value was required, as redemption was not probable.

Series B Convertible Preferred Stock

In connection with the merger with Biozone, the Company issued to Cocrystal Discovery's Series A and Common security holders 1,000,000 shares of the Company's Series B Convertible Preferred Stock ("Series B"). The Series B shares automatically converted into 205,083,086 shares of the Company's common stock on March 3, 2015 as a result of the Company's shareholders approving an increase in the number of the Company's authorized common shares to 800,000,000.

8. Common Stock

As of December 31, 2014, the Company had 200,000,000 shares of authorized common stock, $0.001 par value per share, and had 122,493,690 shares issued and outstanding. As discussed above, on March 3, 2015, the Company's shareholders approved an increase in the number of authorized shares to 800,000,000, which automatically resulted in the conversion of all outstanding Series A and Series B shares to common stock and thereby increased the number of outstanding shares of common stock by 545,844,608.

On January 21, 2014, the Company completed the sale of 5,500,000 shares of its common stock in a private placement in exchange for $2,750,000. Also, 5,500,000 warrants to purchase common stock at an exercise price of $0.50 for a period of ten years were issued in conjunction with this sale. These warrants were recorded as liabilities upon issuance due to potential cash settlement provisions, as discussed in Note 10. The fair value of these warrants was estimated to be $3,696,000 at issuance. As this exceeds total proceeds received of $2,750,000, the excess of $946,000 was expensed during 2014.

The holders of common stock are entitled to one vote for each share of common stock held.

9. Stock Based Awards

2007 Equity Incentive Plan

The Company adopted an equity incentive plan (the "2007 Plan") in 2007 under which 53,599,046 shares of common stock have been reserved for issuance to employees, nonemployee directors and consultants of the Company. Recipients of incentive stock options shall be eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of options granted under the 2007 Plan is ten years. The options generally vest 25% after one year, with the balance vesting monthly over the remaining three years. As of December 31, 2014, 32,822,534 shares of common stock remain available for future grant under the 2007 Plan.

The following table summarizes stock option transactions for the 2007 Plan for the years ended December 31, 2013 and 2014:

	Number of shares available for grant	Total options outstanding	Weighted Average Exercise Price
Balance at December 31, 2012	1,773,390	4,326,461	$ 0.11
Granted	(229,318)	229,318	0.16
Exercised		(49,319)	0.10
Cancelled	103,560	(103,560)	0.10
Balance at December 31, 2013	1,647,632	4,402,900	0.12
Increase in option pool	47,459,195		
Options granted to merger employees	(16,542,538)	16,542,538	0.10
Exercised		(1,087,081)	0.11
Cancelled	258,245	(258,245)	0.11
Balance at December 31, 2014	32,822,534	19,600,112	$ 0.10

The Company recognizes compensation expense using a fair-value-based method for costs related to stock-based payments, including stock options. The fair value of options awarded to employees is measured on the date of grant using the Black-Scholes option pricing model and is recognized as expense over the requisite service period on a straight-line basis. The Black-Scholes option pricing model includes the following weighted average assumptions:

	Year Ended December 31,	
	2014	2013
Assumptions:		
Risk-free interest rate	1.08 – 2.51%	1.11%
Expected dividend yield	0%	0%
Expected volatility	108%	108%
Expected term (in years)	6.08	6.08

In the merger with RFS Pharma, the Company issued 16,542,538 options with a weighted average exercise price of $0.10 per share in exchange for RFS options then outstanding. These were the only options issued in 2014. The weighted average fair value of options granted during 2014 and 2013 was $0.45 and $0.17, respectively.

The Company uses historical data to estimate forfeitures at the time of grant and is required to record stock-based compensation only for those awards that are expected to vest. The Company recorded employee stock-based compensation expense of $37,578 and $55,483 for the years ended December 31, 2014 and 2013, respectively.

As of December 31, 2014, there was $885,325 of total unrecognized compensation expense related to non-vested employee stock options that is expected to be recognized over a weighted average period of 1.8 years.

As of December 31, 2014, options to purchase 19,600,112 shares of common stock, with an aggregate intrinsic value of $6,272,000, were outstanding that were fully vested or expected to vest with a weighted average remaining contractual term of 4.9 years. As of December 31, 2014, options to purchase 17,125,790 shares of common stock, with an aggregate intrinsic value of $5,549,000, were exercisable with a weighted-average exercise price of $0.10 per share and a weighted-average remaining contractual term of 4.4 years. The aggregate intrinsic value of outstanding and exercisable options at December 31, 2014 was calculated based on the closing price of the Company's common stock as reported on the Over-the-Counter Bulletin Board and the OTCQx markets on December 31, 2014 of $0.42 per share less the exercise price of the options. The aggregate intrinsic value is calculated based on the positive difference between the closing fair market value of the Company's common stock and the exercise price of the underlying options.

In 2008 and 2009, the Company granted options to purchase 1,941,544 shares of common stock to nonemployees at an exercise price of $0.10 per share. The assumptions used to calculate the fair value of nonemployee options were the same as the employee assumptions except the expected life is considered to be 6.02 years. The Company recorded stock-based compensation expense related to these options of $0 and $4,395 in 2014 and 2013, respectively. As of December 31, 2014, there were 1,941,112 outstanding nonemployee options at an exercise price of $0.10 per share and all of these options were fully vested.

Common Stock Reserved for Future Issuance

	December 31, 2014	December 31, 2013
Conversion of preferred stock	-	148,494,693
Stock options issued and outstanding	19,600,112	4,402,900
Authorized for future option grants	32,822,534	1,647,632
Warrants outstanding	26,669,000	
Total	79,091,646	154,545,225

10. Warrants

The following is a summary of activity in the number of warrants outstanding to purchase the Company's common stock for the year ended December 31, 2014 (in thousands):

Warrants accounted for as: Equity	Warrants accounted for as: Liabilities
	October

	January 2012 warrants	March 2013 warrants	April 2013 warrants	February 2012 warrants	August 2013 warrants	October 2013 warrants	2013 Series A warrants	January 2014 warrants	Total
Outstanding, January 1, 2014	-	-	-	-	-	-	-	-	-
Warrants acquired in merger with Biozone	650	455	1,864	1,000	10,000	200	7,000	-	21,169
Warrants issued	-	-	-	-	-	-	-	5,500	5,500
Outstanding, December 31, 2014	650	455	1,864	1,000	10,000	200	7,000	5,500	26,669
Expiration date	January 11, 2016	March 1, 2016	April 25, 2018	February 28, 2016	August 26, 2023	October 18, 2018	October 24, 2023	January 16, 2024	

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

Warrants classified as liabilities

Liability-classified warrants consist of warrants issued by Biozone in connection with equity financings in February 2012, August 2013, October 2013 and January 2014, which were assumed by the Company in connection with its merger with Biozone in January 2014. As of December 31, 2014, 23,700,000 warrants are accounted for as liabilities and 2,969,000 warrants are accounted for as equity. Warrants accounted for as liabilities are either potentially settleable in cash or not indexed to the Company's own stock because they contain contingencies under which the Company could be forced to settle them for cash or because they contain potential adjustments to their exercise price. As such, they are therefore accounted for as liabilities.

The estimated fair value of outstanding warrants accounted for as liabilities is determined at each balance sheet date. Any decrease or increase in the estimated fair value of the warrant liability since the most recent balance sheet date is recorded in the consolidated statement of operations and comprehensive income (loss) as changes in fair value of derivative liabilities. The fair value of the warrants classified as liabilities is estimated using the Black-Scholes option-pricing model with the following inputs as of December 31, 2014:

	February 2012 warrants	August 2013 warrants	October 2013 warrants	October 2013 warrants	January 2014 warrants
Strike price	$ 0.60	$ 0.40	$ 0.50	$ 0.50	$ 0.50
Expected term (years)	1.2	8.7	3.8	8.8	9.1
Cumulative volatility %	79%	103%	81%	103%	103%
Risk-free rate %	0.25%	2.08%	1.32%	2.09%	2.11%

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

Subsequent to December 31, 2014, 12,689,000 warrants have been converted into 4,991,331 common shares using the warrants' cashless exercise provision.

11. Licenses and Collaborations

Agreements with Teva Pharmaceuticals-

On September 13, 2011, the Company signed a Share Purchase Agreement with Teva Pharmaceuticals Industries Limited ("Teva"). Under the terms of this agreement, Teva purchased at an initial closing 687,442 shares of the Company's common stock for $7.5 million and, concurrent with the purchase of the common stock, obtained options to purchase up to an additional $37.5 million of the Company's common stock. Teva never exercised any options to purchase additional common stock, and all options have expired as of December 31, 2014.

Contemporaneously with the signing of the Share Purchase Agreement, the Company also signed a Research and Collaboration Agreement and an Exclusive License Option Agreement with Teva. Under the terms of the Research and Collaboration Agreement, the Company carried out a research and development program ("R&D Program") to develop novel therapeutics for Hepatitis C that target the viral polymerase enzyme involved in replication of the virus. The R&D Program has been concluded. Teva's options to extend the R&D Program or to receive a license to the technology developed by the Company under the R&D Program have expired. The Company retains all rights to the technology.

Accounting Treatment

The Company determined that Teva's options to purchase additional shares of common stock were freestanding instruments that were required to be classified as liabilities and carried at fair value under the provisions of ASC 480-10, *Distinguishing Liabilities from Equity*. Accordingly, the Company allocated the proceeds from the initial $7.5 million investment between the common stock and the options to purchase additional shares of common stock under the terms outlined in the Share Purchase Agreement. The Company recorded a liability of $4.2 million for the initial fair value of Teva's options in 2011, and allocated the remainder of the proceeds to common stock issued for $3.1 million, net of transaction costs of $172,000.

The liability representing the fair value of the options was included on the accompanying balance sheets as "Derivative liability" and was required to be remeasured at fair value at each reporting date. The fair value of the options to purchase additional common stock was estimated using a probability-weighted Black-Scholes-Merton model. As of December 31, 2013, the fair value of the liability was approximately $23,000, which represented a reduction in fair value during the year ended December 31, 2013 of approximately $192,000. As of December 31, 2014, all such options had expired and the liability had been reduced to zero.

12. Fair Value Measurement

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

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

The Company categorized its cash equivalents as Level 1 fair value measurements. As further discussed in Note 5 above, certain of the Company's marketable securities were subject to restrictions on sale as of December 31, 2014 because they are held in escrow pending resolution of the lease dispute discussion in Note 5. They are considered to be a Level 2 fair value measurement. The valuation for the 260,000 marketable securities categorized as Level 2 was based on applying a discount for lack of marketability to the quoted market price of the issuer's unrestricted securities. The Company categorized its warrants potentially settleable in cash and its options issued to Teva Pharmaceuticals, Inc. as Level 3 fair value measurements. The warrants potentially settleable in cash are measured at fair value on a recurring basis and are being marked to fair value at each reporting date until they are completely settled or meet the requirements to be accounted for as component of stockholders' equity. The warrants are valued using the Black-Scholes option-pricing model as discussed in Note 10 above.

The following table presents a summary of fair values of assets and liabilities that are remeasured at fair value at each balance sheet date as of December 31, 2014 and 2013, and their placement within the fair value hierarchy as discussed above (in thousands):

Description	December 31, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 3,970	$ 3,970	$ -	$ -
Marketable securities	1,975	-	1,975	-
Total assets	$ 5,945	$ 3,970	$ 1,975	$ -
Liabilities:				
Warrants potentially settleable in cash	$ 8,464	$ -	$ -	$ 8,464
Total liabilities	$ 8,464	$ -	$ -	$ 8,464

Description	December 31, 2013	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 1,034	$ 1,034	$ -	$ -
Total assets	$ 1,034	$ 1,034	$ -	$ -
Liabilities:				
Derivative liability	$ 23	$ -	$ -	$ 23
Total liabilities	$ 23	$ -	$ -	$ 23

The Company has not transferred any financial instruments into or out of Level 3 classification during the year ended December 31, 2014. A reconciliation of the beginning and ending Level 3 liabilities for the years ended December 31, 2014 and 2013, is as follows (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	2014	2013
Balance , January 1,	$ 23	$ 215
Change in fair value of Teva option	(23)	(192)
Estimated fair value of warrants assumed in merger on January 2, 2014	10,475	-
Estimated fair value of warrants issued in January common stock sale	3,696	-
Change in fair value of warrants for the year ended December 31, 2014	(5,707)	-
Balance at December 31,	$ 8,464	$ 23

13. Net Loss per Share

The Company accounts for and discloses net loss per common share in accordance with FASB ASC Topic 260, *Earnings Per Share*. Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding (which includes the common share equivalents of the outstanding Series B preferred shares). The common share equivalents of the Series A preferred shares are not included in the calculation of the weighted average number of common shares outstanding for 2014 because they were not convertible into common stock as of December 31, 2014. Diluted net loss per common share is computed by dividing net loss attributable to common stockholders

by the weighted average number of common shares that would have been outstanding during the period assuming the issuance of common shares for all potential dilutive common shares outstanding. Potential common shares consist of shares issuable upon the exercise of stock options and warrants and the conversion of the Cocrystal Discovery, Inc. Series A preferred stock in 2013.

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

	For the year ended:	
	2014	2013
Numerator:		
Net loss attributable to shareholders	$ (99)	$ (3,887)
Adjustment for change in fair value of derivative liability	$ (2,228)	$ -
Net loss attributable to shareholders adjusted for assumed exercises	$ (2,327)	$ (3,887)
Denominator:		
Weighted average shares outstanding used to compute net loss per share:		
Basic	326,799	57,255
Adjustment for dilutive effects of warrants	954	-
Diluted	327,753	57,255
Net loss per share		
Basic	$ (0.00)	$ (0.07)
Diluted	$ (0.01)	$ (0.07)

The following table sets forth the number of potential common shares excluded from the 2014 and 2013 calculations of net loss per diluted share because their inclusion would be anti-dilutive (in thousands):

	For the year ended December 31,	
	2014	2013
Options to purchase common stock	19,600	4,403
Warrants to purchase common stock	16,669	21,169
Cocrystal Discovery, Inc. Series A convertible preferred stock		9,670
Total	36,269	35,242

14. Income Taxes

In accordance with the authoritative guidance for income taxes under ASC 740, a deferred tax asset or liability is determined based on the difference between the financial statement and the tax basis of assets and liabilities as measured by the enacted tax rates, which will be in effect when these differences reverse. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized.

The Company recognizes the impact of a tax position in the financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company is subject to taxation in the U.S. and various state jurisdictions. Currently no years are under examination. All tax years are subject to examination by the U.S. and state tax authorities due to the carry-forward of unutilized net operating losses and research and development credits.

A reconciliation of income tax expense (benefit) for the years ended December 31, 2014 and 2013 is as follows:

	Year Ended December 31,	
	2014	**2013**
Federal	$ -	$ -
State	2	-
Total current income tax expense	2	-
Deferred:		
Federal	(51)	-
State	(3)	-
Total deferred income tax expense (benefit)	(54)	-
Total income tax expense (benefit)	$ (52)	$ -

Significant components of the Company's deferred income taxes at December 31, 2014 and 2013 are shown below (in thousands):

	2014	**2013**
Deferred Tax Assets:		
Net operating loss carryforwards	$ 7,276	$ 5,802
Compensation	14	56
Research and development tax credits	835	840
Other	65	1
Total gross deferred tax assets	8,190	6,699
Deferred Tax Liabilities		
Unrealized gain on marketable securities	(185)	-
Property and equipment	(18)	(15)
Acquired in-process research and development	(65,195)	-

Total Deferred Tax Liabilities	(65,398)	(15)
Net deferred tax assets	(57,208)	6,684
Valuation allowance	(7,987)	(6,684)
Net Deferred Tax Liability	$ (65,195)	$ -

The Company has established a valuation allowance against net deferred tax assets due to the uncertainty that such assets will be realized. The Company periodically evaluates the recoverability of the deferred tax assets. At such time as it is determined that it is more likely than not that deferred tax assets will be realizable, the valuation allowance will be reduced. The Company has not considered the deferred tax liability related to acquired in-process research and development to be a future source of taxable income in evaluating the need for a valuation allowance against its deferred tax assets due to the in-process research and development asset being considered an indefinite-lived intangible asset.

At December 31, 2014, the Company had federal and California net operating losses, or NOL, carryforwards of approximately $20.5 million and $5.4 million, respectively. The federal NOL carryforwards begin to expire in 2027, and the California NOL carryforwards begin to expire in 2029. At December 31, 2014, the Company also had federal and California research tax credit carryforwards of approximately $631,000 and $309,000 thousand, respectively. The federal research tax credit carryforwards begin to expire in 2029, and the California research tax credit carryforwards do not expire and can be carried forward indefinitely until utilized.

The above NOL carryforwards and the research tax credit carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if the Company experienced one or more ownership changes, which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. The Company has not completed an IRC Section 382/383 analysis. If a change in ownership were to have occurred, NOL and tax credit carryforwards could be eliminated or restricted. If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact the Company's effective tax rate.

A reconciliation of the federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,	
	2014	2013
Statutory federal income tax rate	34.0%	34.0%
Change in fair value of warrant liability	10.7	2.0
State income taxes, net of federal benefit	0.4	3.0
Tax credits	0.9	3.0
Change in valuation allowance	(11.2)	(42.0)
Permanent differences	(0.7)	-
Other	(0.1)	-
Effective rate	34.0%	0.0%

15. Commitments and Contingencies

Commitments

The Company leases office and laboratory space in Bothell, Washington; Tucker, Georgia; and Princeton, New Jersey, under operating leases that expire in January 2019, December 2016, and September 2016, respectively. Future minimum lease payments, by year and in aggregate, are as follows (in thousands):

Year ending December 31	
2015	$ 369
2016	358
2017	159
2018	168
2019	14
Total minimum Lease Payments	$ 1,068

The minimum lease payments above do not include common area maintenance (CAM) charges, which are contractual obligations under some of the Company's operating leases, but are not fixed and can fluctuate from year to year.

The minimum lease payments above include the amounts that would be paid if the Company maintains its Bothell lease for the five year term. The Company has the right to terminate this lease after three years, by giving prior notice at least 180 days prior to such early termination date and by paying a termination fee equal to the sum of three months' rent plus the unamortized balance of the sum of (a) all brokerage commissions paid by the landlord of the property in connection with the lease and (b) the abated free base rent related to the five months of the lease, treating items (a) and (b) as being amortized on a level basis over the five year base term of the lease.

Rent expense for 2014 and 2013, totaled $295,000 and $196,000, respectively.

Contingencies

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

The Company is named in two legal proceedings involving Daniel Fisher.

The first proceeding was an action filed in Contra Costa County, California by the landlord, which is an entity managed by Mr. Fisher, to evict MusclePharm as a tenant from real property our now inactive subsidiary, Biozone Laboratories, Inc. ("Biozone Labs") previously leased.

On March 27, 2014, the landlord filed suit in the Contra Costa County Court against us and Biozone Labs, as well as MusclePharm, alleging an assignment of the lease to MusclePharm in January 2014 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 in December 2013.

On February 24, 2015, Mr. Fisher agreed to withdraw this lawsuit in exchange for an agreement that all parties would be responsible for their own legal fees.

In the second proceeding, the Company has been named as a party to a lawsuit filed on April 15, 2014 in Contra Costa County, California by the same entity managed by Mr. Fisher. Also named in this action are two of the Company's subsidiaries – BioZone Labs and Cocrystal Discovery. The action seeks recovery on a promissory note purportedly executed by BioZone Labs in the principal amount of $295,000 in 2007. Motions challenging the sufficiency of the allegations in the complaint were filed in the third quarter, 2014, the motions were granted and plaintiff was given an opportunity to amend the complaint, and plaintiff has filed an amended complaint. The Company intends to vigorously defend the action.

16. Subsequent Events

On March 25, 2015, the Company entered into binding Securities Purchase Agreements with each of its directors and a number of other accredited investors who agreed to purchase 16,304,350 shares of the Company's common stock at $0.92 per share for a total of $15,000,000. The Company's principal shareholders and two of its directors, Dr. Raymond Schinazi and Dr. Phillip Frost, each purchased $3,187,667 of common stock although Dr. Schinazi's Agreement is subject to the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. As of March 31, 2015, the Company has received approximately $11,800,000 related to these sales of common stock.

Subsequent to December 31, 2014, 13,189,000 warrants have been converted into 5,281,313 common shares using the warrants' cashless exercise provision.

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

Not applicable.

Item 9A. Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of December 31, 2014, 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 ended December 31, 2014, 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, 2014, our Chief Executive Officer and Chief Financial Officer concluded that our 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, 2014. 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 (1992)*. During our assessment of the effectiveness of internal control over financial reporting as of December 31, 2014, we identified the following material weakness:

Financial Reporting Process

Description of Material Weakness as of December 31, 2014

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 and procedures to ensure all required disclosures were made in our financial statements. Also, Cocrystal lacked documented procedures including documentation related to testing of internal controls and entity-level controls, disclosure review, and other analytics. Furthermore, Cocrystal lacked sufficient personnel to properly segregate duties.

Therefore, our internal controls over financial reporting were not effective as of December 31, 2014.

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, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except for the following:

In the fourth quarter of the year ended December 31, 2014, we implemented procedures to remediate our previously reported material weakness relating to our accounting for complex financial instruments. We previously reported that we did not maintain effective controls over the identification and proper accounting treatment of certain terms and conditions in agreements that contained complex financial instruments, including derivatives. During the fourth quarter of the year ended December 31, 2014, we implemented processes to utilize outside consultants, where necessary, to assist us in our evaluation of the accounting for complex transactions containing complex financial instruments or derivatives. When we enter into such agreements, we consult with such specialists and use their expertise to help us evaluate the appropriate accounting treatment for these transactions. We believe implementation of these processes has remediated our previously reported material weakness.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 will be included in the Proxy Statement to be filed relating to our 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11 will be included in the Proxy Statement to be filed relating to our 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The information required by Item 12 will be included in the Proxy Statement to be filed relating to our 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The information required by Item 13 will be included in the Proxy Statement to be filed relating to our 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 will be included in the Proxy Statement to be filed relating to our 2015 Annual Meeting of Stockholders and is incorporated herein by reference.

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	Agreement and Plan of Merger – RFS Pharma	8-K	12/1/14	2.1	
2.3	Asset Purchase Agreement – MusclePharm Corporation	8-K	11/13/13	2.1	
3.1	Certificate of Incorporation, as amended				Filed
3.2	Bylaws	8-K	12/1/14	3.4	
4.1	Stockholders Rights Agreement, dated as of November 25, 2014	8-K	12/1/14	4.1	
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	Termination of Employment Agreement – Gary Wilcox*				Filed
10.6	Amendment of Employment Agreement – Sam Lee*				Filed
10.7	Employment Agreement, as amended – Jeffrey Meckler*	8-K	3/17/15	10.1	
10.8	2007 Equity Incentive Plan - Cocrystal Discovery	S-8	1/2/14	10.1	
10.9	Form of Securities Purchase Agreement – October 2013 Offering	8-K	10/31/13	10.1	
10.10	Form of Warrant – October 2013 Offering	8-K	10/31/13	10.2	
10.11	Form of Securities Purchase Agreement –2013 Note Offering	8-K	8/30/13	10.1	
10.12	Form of Note – 2013 Note Offering	8-K	8/30/13	10.2	
10.13	Form of Warrant – 2013 Note Offering	8-K	8/30/13	10.3	
10.14	Form of Subscription Agreement – 2013 Unit Offering	8-K	4/18/13	10.1	
10.15	Form of Warrant – 2013 Unit Offering	8-K	4/18/13	10.2	
10.16	Form of Indemnification Agreement	10-K/A	4/4/14	3.9	
10.17	Share Purchase Agreement+	10-Q/A	8/14/14	10.20	
10.18	Research and Collaboration Agreement Between Teva Pharmaceutical Industries Limited and Cocrystal Discovery, Inc.+	10-Q/A	8/14/14	10.21	
10.19	Exclusive License Agreement Between Teva Pharmaceutical Industries Limited and Cocrystal Discovery, Inc.+	10-Q/A	8/14/14	10.22	
10.20	Memorandum of Understanding regarding MusclePharm Corporation	10-Q	11/14/14	10.1	
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.

+ Filed pursuant to a confidential treatment request for certain portions of this document.

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.

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.

March 31, 2015 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/ Gary Wilcox Gary Wilcox	Chief Executive Officer (Principal Executive Officer)	March 31, 2015
/s/ Raymond F. Schinazi Raymond F. Schinazi	Chairman	March 31, 2015
_____ David Block	Director	March 31, 2015
/s/ Phillip Frost Phillip Frost	Director	March 31, 2015
/s/ Jane Hsiao Jane Hsiao	Director	March 31, 2015
/s/ Jeffrey Meckler Jeffrey Meckler	Director	March 31, 2015
/s/ Steven Rubin Steven Rubin	Director	March 31, 2015
/s/ Gerald McGuire Gerald McGuire	Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 2015

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
COCRYSTAL HOLDINGS, INC.

1. The name of the corporation is Cocrystal Holdings, 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. Of the shares of preferred stock, a series of preferred stock is hereby designated as Series B Convertible Preferred Stock (the "Series B Preferred Stock").

(a) Number of Shares. The number of shares constituting Series B Preferred Stock is fixed at 1,000,000 shares, par value $0.001 per share (the "Stated Value"), and such amount may not be increased or decreased except with the written consent of the holders of at least a majority of the issued and outstanding Series B Preferred Stock.

(b) Liquidation.

(1) Upon the liquidation, dissolution or winding up of the business of the Company, whether voluntary or involuntary, each holder of Series B Preferred Stock shall be entitled to receive, for each share thereof, out of assets of the Company legally available therefor, a preferential amount in cash equal to (and not more than) the Stated Value. All preferential amounts to be paid to the holders of Series B Preferred Stock in connection with such liquidation, dissolution or winding up shall be paid before the payment or setting apart for payment of any amount for, or the distribution of any assets of the Company to the holders of (i) any other class or series of capital stock whose terms expressly provide that the holders of Series B Preferred Stock should receive preferential payment with respect to such distribution (to the extent of such preference) and (ii) the Company's common stock. If upon any such distribution the assets of the Company shall be insufficient to pay the holders of the outstanding shares of Series B Preferred Stock (or the holders of any class or series of capital stock ranking on a parity with the Series B Preferred Stock as to distributions in the event of a liquidation, dissolution or winding up of the Company) the full amounts to which they shall be entitled, such holders shall share ratably in any distribution of assets in accordance with the sums which would be payable on such distribution if all sums payable thereon were paid in full.

(2) Any distribution in connection with the liquidation, dissolution or winding up of the Company, or any bankruptcy or insolvency proceeding, shall be made in cash to the extent possible. Whenever any such distribution shall be paid in property other than cash, the value of such distribution shall be the fair market value of such property as determined in good faith by the Board of Directors of the Company.

(c) Voting. Except as otherwise expressly required by law or expressly provided herein, the holders of Series B Preferred Stock shall be entitled to vote on all matters submitted to shareholders of the Company and each share of Series B Preferred Stock held shall be entitled to the number of votes per share that it will have on an as converted basis. Except as otherwise required by law or expressly provided herein, the holders of shares of Series B Preferred Stock shall vote together with the holders of common stock on all matters and shall not vote as a separate class.

(d) Automatic Conversion. Each share of Series B Preferred Stock shall automatically, and without any further action on the part of the holder, convert into 205.08308640 shares of common stock, $0.001 par value per share, (with the total number of shares issued to each holder rounded up to the nearest share) of the Company upon action by the Company to increase its authorized common stock or combine its shares of common stock to permit full conversion of the Series B Preferred Stock.

(e) Other Provisions:

(1) *Best Efforts*. The Company shall use its best efforts to increase its authorized common stock to permit automatic conversion as provided in Section 4(d).

(2) *Record Holders*. The Company and its transfer agent, if any, for the Series B Preferred Stock may deem and treat the record holder of any shares of Series B Preferred Stock as reflected on the books and records of the Company as the sole true and lawful owner thereof for all purposes, and neither the Company nor any such transfer agent shall be affected by any notice to the contrary.

(f) Restriction and Limitations. Except as required by law so long as any shares of Series B Preferred Stock remain outstanding, the Company shall not, without the vote or written consent of the holders of at least a majority of the then outstanding shares of the Series B Preferred Stock, take any action which would adversely and materially affect any of the preferences, limitations or relative rights of the Series B Preferred Stock.

(g) Stock Dividends and Stock Splits. If the Company, at any time while the Series B Preferred Stock is outstanding: (i) pays a stock dividend or otherwise make a distribution or distributions payable in shares of common stock or common stock equivalents, (ii) subdivides outstanding shares of common stock into a larger number of shares, or (iii) combines (including by way of reverse stock split) outstanding shares of common stock into a smaller number of shares, then the number of shares of common stock issuable upon conversion in Section 4(d) shall be modified by multiplying such number (as it originally existed or has been subsequently modified by this Section 4(g) by a fraction of which the numerator shall be the number of shares of common stock (excluding any treasury shares of the Company) outstanding immediately after such event, and of which the denominator shall be the number of shares of common stock (excluding any treasury shares of the Company) outstanding immediately before such event. Any adjustment made pursuant to this Section 4(g) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

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 shareholders or until a successor is elected and qualified, is as follows:

Name	Mailing Address
Dr. Gary Wilcox	4018 Via Laguna Santa Barbara, CA 93110

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 shareholders 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 shareholders herein are granted subject to this reservation.

10. No director of this Company shall be personally liable to the Company or its shareholders 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 shareholders, (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 shareholders 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 shareholders 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 shareholders) 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 shareholders) 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 shareholders 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 Advancement of 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. Following the termination of any Proceeding referred to in this Section 11(f), the Company may provide indemnification in accordance with this Section 11, the Company's bylaws, any written agreement or the Delaware General Corporation Law.

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 21st day of November, 2014.

/s/Michael Harris
Michael D. Harris

COCRYSTAL HOLDINGS, INC

**CERTIFICATE OF DESIGNATION OF PREFERENCES,
RIGHTS AND LIMITATIONS
OF
SERIES A CONVERTIBLE PREFERRED STOCK**

I, Gary Wilcox, Chief Executive Officer of Cocrystal Holdings, Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, DO HEREBY CERTIFY that pursuant to Section 151(g) of the Delaware General Corporation Law and the provisions of the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation, on November 22, 2014, adopted the following resolution:

WHEREAS, the Certificate of Incorporation of the Corporation provides for a class of its authorized stock known as preferred stock, consisting of 5,000,000 shares, $0.001 par value per share, issuable from time to time in one or more series;

WHEREAS, the Certificate of Incorporation of the Corporation provides for 1,000,000 shares of the Corporation's authorized but unissued preferred stock as shares of Series B Convertible Preferred Stock;

WHEREAS, the Board of Directors is authorized to fix the dividend rights, dividend rate, voting rights, conversion rights, rights and terms of redemption and liquidation preferences of any wholly unissued series of preferred stock and the number of shares constituting any series and the designation thereof, of any of them; and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to fix the rights, preferences, restrictions and other matters relating to a series of the preferred stock designated "Series A Convertible Preferred Stock," which shall consist of 1,000,000 shares of the preferred stock which the Corporation has the authority to issue:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby provide for the issuance of a series of preferred stock designated Series A Convertible Preferred Stock ("Series A") for cash or exchange of other securities, rights or property and does hereby fix and determine the rights, preferences, restrictions and other matters relating to the Series A as follows:

Definitions.

"Adjustment Event" shall have the meaning set forth in Section 8.

"Business Day" shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

"Capital Increase" shall have the meaning set forth in Section 2(a).

"Closing Date" means the date on which all parties have executed the Merger Agreement.

"Common Stock" means the Corporation's common stock, par value $0.001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

"Conversion Amount" shall have the meaning set forth in Section 2(a) and shall be in effect for all purposes herein regardless of whether the Capital Increase has been effected.

"Conversion Price" shall mean the average VWAP of the 30 days immediately preceding the Closing Date, subject to adjustment giving effect to any subsequently occurring Adjustment Event.

"Deemed Liquidation Event" shall have the meaning set forth in Section 4(c).

"Dividend Payment Date" shall have the meaning set forth in Section 6(a).

"Dividend Record Date" shall have the meaning set forth in Section 6(a).

"Initial Conversion Amount" shall have the meaning set forth in Section 2(b).

"Merger Agreement" shall mean the Agreement and Plan of Merger entered by and between Cocrystal Pharma, Inc., Cocrystal Merger Sub, Inc., RFS Merger Sub, LLC and RFS Pharma, LLC.

"Notice of Redemption" shall have the meaning set forth in Section 3(b).

"Redemption Date" shall have the meaning set forth in Section 3(b).

"Redemption Price" shall have the meaning set forth in Section 3(a).

"RFSP" shall mean RFS Pharma, LLC.

"Series A" shall mean the Series A Convertible Preferred Stock of the Corporation.

"Series A Majority" shall mean the holders of a majority of the then outstanding shares of Series A.

"Series B" shall mean the Series B Convertible Preferred Stock of the Corporation.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTCQX or OTCQB or any markets or exchanges maintained by the OTC Markets Group, Inc. (or any successors to any of the foregoing).

"VWAP" shall mean for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported on the OTCQX, OTCQB or OTC Pink Marketplace maintained by the OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the volume weighted average price of the Common Stock on the first such facility (or a similar organization or agency succeeding to its functions of reporting prices), or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Corporation.

Conversion.

I. Automatic Conversion. Each one (1) share of Series A shall automatically, without any further action on the part of the holder, and subject to adjustment in accordance with Section 2(b), below, convert into 340.760802 shares (the "Conversion Amount") of Common Stock, $0.001 par value per share, of the Corporation upon action by the Corporation to increase its authorized Common Stock or combine its shares of Common Stock to permit full conversion of all outstanding shares of the Series A and Series B into Common Stock (such action, the "Capital Increase"). In lieu of fractional shares, the number of shares issued to each holder shall be rounded up to the next whole number of shares.

II. Adjustments to Conversion Amount. If, prior to July 1, 2015, the Corporation has not effected the Capital Increase, then the Conversion Amount shall be adjusted as follows:

On July 1, 2015, the Conversion Amount as of the date of the Closing Date (the "Initial Conversion Amount", or 340.7608 shares, will be increased by three percent (3%) of the Initial Conversion Amount, or 10.2228 additional shares, such that the Conversion Amount in effect on and after July 1, 2015, as subject to further adjustment in accordance with paragraph (ii) and paragraph (iii), below, shall be 350.9836.

On August 1, 2015, and on the first day of each subsequent month, if the Corporation has not effected the Capital Increase by such date, then the Conversion Amount shall be increased by an additional one-percent (1%) of the Initial Conversion Amount (after taking into account the adjustment in paragraph (i) above), or 3.5098 shares, as subject to further adjustment in accordance with paragraph (iii) below. For the purpose of illustration, if the Capital Increase has not been effected by August 1, 2015, the Conversion Amount will be increased to a total of 354.4934 shares on August 1, 2015, and if the Capital Increase has not been effected by September 1, 2015, the Conversion Amount will be increased to a total of 358.0032 shares on September 1, 2015.

In the event that, prior to the Capital Increase (A) the Corporation grants or awards any stock options, stock bonuses, stock purchase rights or any other form of stock or equity based compensation ("Stock Awards") to any of the executive officers, as detailed on Schedule 2(b)(iii) hereto, and/or (B) the actual fully diluted capitalization of the Corporation (taking into account all shares, convertible securities, and all other commitments, actual, contingent or otherwise, on an as-if converted to Common Stock basis) ("Fully Diluted Shares") as of the Closing Date is greater than the capitalization as set forth in Schedule 4.3 of the Merger Agreement, the Initial Conversion Amount and the Conversion Amount (after giving effect to any adjustments pursuant to Section 2(b)(i) and (ii) above) shall be increased by a factor of "X" (i.e. multiplied by the factor equal to "X"), where:

X = Y/Z;

Y = (i) Z + (ii) the number of Stock Awards issued or granted to the persons set forth on Schedule 2(b)(iii) + (iii) the difference between the Fully Diluted Shares pursuant to Section 2b(iii)(B) and the Fully Diluted Shares set forth in Schedule 4.3 of the Merger Agreement;

Z = (i) the number of shares of Common Stock into which the Series A is convertible + (ii) the number of shares of Common Stock issuable to employees of RFSP as of the Closing Date; and

further, all Conversion Amounts referenced in this Section 2 shall be adjusted accordingly based on the increased Initial Conversion Amount after giving effect to this paragraph (iii) of this Section 2. For the avoidance of doubt, the Initial Conversion Amount and any adjusted Conversion Amount thereafter shall continue to increase pursuant to this paragraph (iii) each time the Corporation grants Stock Awards to the persons set forth on Schedule 2(b)(iii) hereto or the Fully Diluted Shares is determined to be greater than what is set forth in Schedule 4.3 of the Merger Agreement.

Redemption

I. Beginning on the date that is the first anniversary of the Closing Date, each holder of Series A shares shall have the right to redeem each share of Series A for a cash payment equal to the product of (i) the Conversion Amount in effect on the date thereof, multiplied by (ii) the Conversion Price (such product, the "Redemption Price").

II. Holders shall effect redemptions by providing the Corporation with the form of redemption notice attached hereto as Annex A (a "Notice of Redemption"). Each Notice of Redemption shall specify the number of shares of Series A to be redeemed, the number of shares of Series A owned prior to the redemption at issue, the number of shares of Series A owned subsequent to the redemption at issue and the date on which such redemption is to be effected, which date may not be prior to thirty (30) days subsequent to the date the applicable holder delivers such Notice of Redemption to the Corporation (such date on which redemption is to be effected, the "Redemption Date"). If no Redemption Date is specified in a Notice of Redemption, the Redemption Date shall be the date that is thirty (30) days after the date such Notice of Redemption to the Corporation is deemed delivered hereunder. To effect redemptions of shares of Series A, a holder shall not be required to surrender the certificate(s) representing the shares of Series A to the Corporation, (although the holder may surrender the Series A certificate to, and receive a replacement certificate from the Corporation, at the holder's election) unless all of the shares of Series A represented thereby are so redeemed, in which case such holder shall deliver the certificate representing such shares of Series A promptly following the Redemption Date at issue. Shares of Series A redeemed in accordance with the terms hereof shall be canceled and shall not be reissued.

III. The Redemption Price, in cash, shall be due and payable no later than ten (10) Business Days following the Redemption Date. If the Corporation fails to pay in full the Redemption Price hereunder on the date such amount is due in accordance with this Section 3, the Corporation will pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from such date until the Redemption Price, plus all such interest thereon, is paid in full.

Liquidation.

I. Upon the liquidation, dissolution or winding up of the business of the Corporation, whether voluntary or involuntary, or Deemed Liquidation Event, each holder of Series A shall be entitled to receive, for each share thereof, out of assets of the Corporation legally available therefor, a preferential amount in cash equal to the greater of (i) the Redemption Price or (ii) the amount that would be received by the holder of the share of Series A if the share had been converted into Common Stock. All preferential amounts to be paid to the holders of Series A in connection with such liquidation, dissolution or winding up or Deemed Liquidation Event shall be paid before the payment or setting apart for payment of any amount for, or the distribution of any assets of the Corporation to the holders of any other class or series of capital stock. If upon any such distribution the assets of the Corporation shall be insufficient to pay the holders of the outstanding shares of Series A (or the holders of any class or series of capital stock ranking on a parity with the Series A as to distributions in the event of a liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event) the full amounts to which they shall be entitled, such holders shall share ratably in any distribution of assets in accordance with the sums which would be payable on such distribution if all sums payable thereon were paid in full.

I. Any distribution in connection with the liquidation, dissolution or winding up of the Corporation, or Deemed Liquidation Event, or any bankruptcy or insolvency proceeding, shall be made in cash to the extent possible. Whenever any such distribution shall be paid in property other than cash, the value of such distribution shall be the fair market value of such property as determined in good faith by the Board of Directors of the Corporation.

I. Deemed Liquidation Events. Each of the following events shall be considered a "Deemed Liquidation Event":

a change of control, merger or consolidation in which

the Corporation is a constituent party or

a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

Voting.

I . General. Except as otherwise expressly required by law or expressly provided herein, the holders of Series A shall be entitled to vote on all matters submitted to stockholders of the Corporation, and each holder of Series A held shall be entitled to a total number of votes per share that it would have on an as-converted basis; that is, each share of Series A shall entitle the holder to a number of votes equal to the Conversion Amount in effect at the time of such vote. Except as otherwise required by law or expressly provided herein, the holders of shares of Series A shall vote together with the holders of Series B and holders of Common Stock on all matters and shall not vote as a separate class.

I I . Series A Protective Provisions . At any time when shares of Series A are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Corporation's Certificate of Incorporation, as amended by certificates of designation or otherwise) the written consent or affirmative vote of the Series A Majority, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

any action which would adversely affect any of the rights, preferences, privileges or limitations of the Series A;

amend, alter or repeal any provision of the Certificate of Incorporation (including whether by certificate of designation or otherwise) or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series A Preferred Stock;

any change to either of the Conversion Amount or Conversion Price with respect to the Series A, unless such change is a result of a stock split, stock dividend or combination in which all classes and series of capital stock are treated identically;

create, or authorize the creation of, or issue, or authorize the issuance of, or sell, or authorize the sale of any (a) capital stock (including but not limited to, the Corporation's preferred stock or common stock, or any securities conferring the right to purchase the Corporation's preferred stock or common stock or securities convertible into, or exchangeable for (with or without additional consideration), the Corporation's preferred stock or common stock), (b) a royalty financing or royalty buyout arrangement, or (c) other form of funding principally for financing purposes, excluding shares of common stock or options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation (each such event, a "Financing Event"); *provided, however*, that such approval of the Series A pursuant to this Section 5(b)(iii) shall not be required following the date when the Corporation has raised cumulatively at least $70,000,000 in aggregate cash proceeds from any one or more Financing Events which were previously approved by the Series A pursuant to this subsection b(iii); or

amend, alter or repeal any provision of the Certificate of Incorporation (including whether by certificate of designation or otherwise) or Bylaws of the Corporation or take any other action that affects the powers, preferences or rights (including any adjustments to the conversion amount, conversion price or conversion ratio) of any of the Corporation's capital stock (including but not limited to, the Corporation's preferred stock or common stock, or any securities conferring the right to purchase the Corporation's preferred stock or common stock or securities convertible into, or exchangeable for (with or without additional consideration), the Corporation's preferred stock or common stock).

Dividends.

I. Beginning on July 1, 2015, subject to the preferential rights of the holders of any class or series of capital stock of the Corporation ranking senior to the Series A as to dividends, the holders of shares of the Series A shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation, out of funds legally available for the payment of dividends, cumulative cash dividends at the rate of twelve percent (12.0%) per annum of the Redemption Price in effect on July 1, 2015, subject to monthly adjustment as the Conversion Amount is adjusted in accordance with Section 2(b), above. Such dividends shall accrue and be cumulative from and including July 1, 2015 and shall be payable quarterly in arrears on each Dividend Payment Date (as defined below), commencing August 15, 2015; provided, however, that if any Dividend Payment Date is not a Business Day, then the dividend which would otherwise have been payable on such Dividend Payment Date may be paid on the next succeeding Business Day. Dividends will be payable to holders of record as they appear in the stockholder records of the Corporation at the close of business on the applicable Dividend Record Date (as defined below). Notwithstanding any provision to the contrary contained herein, each outstanding share of Series A shall be entitled to receive a dividend with respect to any Dividend Record Date equal to the dividend paid with respect to each other share of Series A that is outstanding on such date. "Dividend Record Date" shall mean the last Business Day of each quarter during which, for any period of time, the Series A was outstanding. With respect to any quarter during which dividends accrue for a period of time less than a full quarter (i.e. the period from July 1, 2015 through July 30, 2015, and the quarter during which the Capital Increase is effected), the corresponding dividend payment shall be pro-rated on the basis of a 90-day quarter in accordance with the number of days during the prior quarter the Series A accrued dividends. "Dividend Payment Date" shall mean the 15th day of the first month in each quarter following a Dividend Record Date, provided that if the 15th day is not a Business Day, then the Dividend Payment Date shall be the next subsequent Business Day.

II. Notwithstanding anything contained herein to the contrary, dividends on the Series A shall accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends, and whether or not such dividends are authorized or declared.

In the event the holder elects to redeem shares of Series A while accrued but unpaid dividends are due and payable, the amount of accrued but unpaid dividends payable per share of Series A being redeemed shall be added to the Redemption Price paid to such holder in accordance with Section 3 herein.

In the event accrued but unpaid dividends are due and payable upon the liquidation, dissolution or winding up of the business of the Corporation or Deemed Liquidation Event, the amount of accrued but unpaid dividends payable per share of Series A shall be added to the Redemption Price paid to such holder in accordance with Section 4 herein.

In the event accrued but unpaid dividends are due and payable upon the occurrence of the Capital Increase, the amount of accrued but unpaid dividends payable per share of Series A shall be converted without further action of the holder or the Corporation into debt of the Corporation, which debt will bear interest at the Federal Applicable Rate then in effect as established by the Internal Revenue Service, with such debt maturing on, and payment of all principal and interest due on, the first anniversary of the Capital Increase.

(c) Except as provided in Section 6(d) below, no dividends shall be declared and paid or declared and set apart for payment, and no other distribution of cash or other property may be declared and made, directly or indirectly, on or with respect to, any shares of Common Stock or shares of any other class or series of capital stock of the Corporation (other than a dividend paid in shares of Common Stock or in shares of any other class or series of capital stock ranking junior to the Series A as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event) for any period, nor shall any shares of Common Stock or any other shares of any other class or series of capital stock of the Corporation be redeemed, purchased or otherwise acquired for any consideration, nor shall any funds be paid or made available for a sinking fund for the redemption of such shares, and no other distribution of cash or other property may be made, directly or indirectly, on or with respect thereto by the Corporation (except by conversion into or exchange for other shares of any class or series of capital stock of the Corporation ranking junior to the Series A Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event), unless full cumulative dividends on the Series A for all past periods shall have been or contemporaneously are (i) declared and paid in cash or (ii) declared and a sum sufficient for the payment thereof in cash is set apart for such payment.

(d) When dividends are not paid in full (and a sum sufficient for such full payment is not so set apart) on the Series A and the shares of any other class or series of capital stock ranking, as to dividends, on parity with the Series A, all dividends declared upon the Series A and each such other class or series of capital stock ranking, as to dividends, on parity with the Series A shall be declared pro rata so that the amount of dividends declared per share of Series A and such other class or series of capital stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A and such other class or series of capital stock (which shall not include any accrual in respect of unpaid dividends on such other class or series of capital stock for prior dividend periods if such other class or series of capital stock does not have a cumulative dividend) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A which may be in arrears.

(e) Holders of shares of Series A shall not be entitled to any dividend, whether payable in cash, property or shares of stock, in excess of full cumulative dividends on the Series A as provided herein. Any dividend payment made on the Series A Stock shall first be credited against the earliest accrued but unpaid dividends due with respect to such shares which remain payable. Accrued but unpaid distributions on the Series A will accumulate as of the Dividend Payment Date on which they first become payable.

Other Provisions.

(a) Best Efforts. The Corporation shall use its best efforts to increase its authorized Common Stock to permit automatic conversion as provided in Section 2.

(b) Record Holders. The Corporation and its transfer agent, if any, for the Series A may deem and treat the record holder of any shares of Series A as reflected on the books and records of the Corporation as the sole true and lawful owner thereof for all purposes, and neither the Corporation nor any such transfer agent shall be affected by any notice to the contrary.

Stock Dividends and Stock Splits. If the Corporation, at any time while the Series A is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock or Common Stock equivalents, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares (each of the foregoing, an "Adjustment Event"), then

I. the Conversion Amount shall be modified by multiplying such number (as it originally existed or has been subsequently modified by this Section 8) by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately after such event, and of which the denominator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event; and

II. the Conversion Price shall be modified by multiplying such number (as it originally existed or has been subsequently modified by this Section 8) by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately after such event.

Any adjustment made pursuant to this Section 8 shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

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RESOLVED, FURTHER, that the Chief Executive Officer, the president or any vice-president, and the secretary or any assistant secretary, of the Corporation be and they hereby are authorized and directed to prepare and file this Certificate of Designation of Preferences, Rights and Limitations in accordance with the foregoing resolution and the provisions of Delaware law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 24th day of November 2014.

/s/ Gary Wilcox
Name: Gary Wilcox
Title: Chief Executive Officer

Schedule 2(b)(iii)

The following individuals are parties to employment agreements which provide for the grant of options to purchase shares of Cocrystal Pharma, Inc. common stock, but such options have not been granted by the Board of Directors and are not outstanding as of the date hereof:

Executive

Dr. Sam Lee
Jerry McGuire
Dr. Gary Wilcox

ANNEX A

NOTICE OF REDEMPTION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO REDEEM SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK)

The undersigned hereby elects to redeem the number of shares of Series A Convertible Preferred Stock indicated below of Cocrystal Pharma, Inc., a Delaware corporation, according to the conditions hereof, as of the date written below.

Redemption calculations:

) Date to Effect Redemption: _____

(b) Number of shares of Preferred Stock owned prior to Redemption: _____

(c) Number of shares of Preferred Stock to be Redeemed: _____

(d) Number of shares of Common Stock Issuable per share of Preferred Stock:_____

(e) Total Number of shares of Common Stock issuable upon Conversion of Preferred Shares being Redeemed [(c) x (d)]:_____

(f) Conversion Price per share of Common Stock:_$_____

(g) Redemption Payment Due [(e) x (f)]:_$_____

(g) Number of shares of Preferred Stock subsequent to Redemption [(b)-(c)]: _____

(h) Address for Delivery of Payment or Wire Instructions:

_____

_____

_____

[HOLDER]

By:_____
Name:
Title:

AMENDMENT TO CERTIFICATE
OF INCORPORATION
OF
COCRYSTAL HOLDINGS, INC.

I, Gary Wilcox, Chief Executive Officer of Cocrystal Holdings, Inc., a Delaware corporation (the "Corporation"), having been organized November 21, 2014 and existing under the laws of the State of Delaware, DO HEREBY CERTIFY:

That pursuant to Section 242(b) of the Delaware General Corporation Law and the provisions of the Corporation's Certificate of Incorporation, the Board of Directors of the Corporation, on November 22, 2014, the holder of all of the outstanding shares of common stock of the Corporation, on November 22, 2014, and the holder of a majority of the outstanding shares of the Corporation's Series B Convertible Preferred Stock, on November 24, 2014, all approved the following amendments to the Certificate of Incorporation:

1. The name of the Corporation shall be changed to Cocrystal Pharma, Inc.

2. The following individuals have been duly nominated and elected to serve on the Board of Directors of the Corporation and shall serve the Corporation until the next annual meeting of shareholders, or until their successors are duly elected and seated, provided, however, that nothing herein shall preclude the Corporation from changing its directors, subject to the rights of the holders of the Corporation's Series A Convertible Preferred Stock and the holders of the Series B Convertible Preferred Stock:

David Block
Phillip Frost
Jeffrey Meckler
Steven Rubin
Raymond Schinazi
Gary Wilcox
Jane Hsiao

3. Section 4(a) shall be replaced by the following:

(a) Number of Shares. The number of shares constituting Series B Preferred Stock is fixed at 1,000,000 shares, par value $0.001 per share, with a stated value of $0.001 per share (the "Stated Value"), and such amount may not be increased or decreased except with the written consent of the holders of at least a majority of the issued and outstanding Series B Preferred Stock.

4. Section 4(c) shall be replaced by the following:

(c) Voting.

(1) General. Except as otherwise expressly required by law or expressly provided herein, the holders of Series B Preferred Stock shall be entitled to vote on all matters submitted to stockholders of the Corporation, and each holder of Series B Preferred Stock held shall be entitled to a total number of votes per share that it would have on an as-converted basis. Except as otherwise required by law or expressly provided herein, the holders of shares of Series B Preferred Stock shall vote together with the holders of Series A Preferred Stock and holders of common stock on all matters and shall not vote as a separate class.

(2) Series B Protective Provisions. At any time when shares of Series B Preferred Stock are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Corporation's Certificate of Incorporation, as amended by certificates of designation or otherwise) the written consent or affirmative vote of the majority of the then outstanding shares of Series B Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect.

(i) any action which would adversely affect any of the rights, preferences, privileges or limitations of the Series B Preferred Stock;

(ii) amend, alter or repeal any provision of the Certificate of Incorporation (including whether by certificate of designation or otherwise) or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series B Preferred Stock;

(iii) any change to the amount of common stock into which the Series B Preferred Stock is convertible, unless such change is a result of a stock split, stock dividend or combination in which all classes and series of capital stock are treated identically;

(iv) create, or authorize the creation of, or issue, or authorize the issuance of, or sell, or authorize the sale of any (a) capital stock (including but not limited to, the Corporation's preferred stock or common stock, or any securities conferring the right to purchase the Corporation's preferred stock or common stock or securities convertible into, or exchangeable for (with or without additional consideration), the Corporation's preferred stock or common stock), (b) a royalty financing or royalty buyout arrangement, or (c) other form of funding principally for financing purposes, excluding shares of common stock or options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation (each such event, a "Financing Event"); *provided, however*, that such approval of the Series A pursuant to this Section 4(c)(2)(iv) shall not be required following the date when the Corporation has raised cumulatively at least $70,000,000 in aggregate cash proceeds from any one or more Financing Events which were previously approved by the Series B pursuant to this Section 4(c)(2)(iv); or

(v) amend, alter or repeal any provision of the Certificate of Incorporation (including whether by certificate of designation or otherwise) or Bylaws of the Corporation or take any other action that affects the powers, preferences or rights (including any adjustments to the conversion amount, conversion price or conversion ratio) of any of the Corporation's capital stock (including but not limited to, the Corporation's preferred stock or common stock, or any securities conferring the right to purchase the Corporation's preferred stock or common stock or securities convertible into, or exchangeable for (with or without additional consideration), the Corporation's preferred stock or common stock).

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to Certificate of Incorporation as of November 24, 2014.

/s/ Gary Wilcox
Name: Gary Wilcox
Title: Chief Executive Officer and Secretary

CERTIFICATE OF AMENDMENT TO CERTIFICATE OF INCORPORATION OF COCRYSTAL PHARMA, INC.

Cocrystal Pharma, Inc. (the "Company"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Delaware General Corporation Law"), hereby certifies as follows:

1. Pursuant to Sections 242 and 228 of the Delaware General Corporation Law, the amendment herein set forth has been duly approved by the Board of Directors and holders of a majority of each of the outstanding common stock and of Series A Preferred Stock and Series B Preferred Stock of the Company.

2. Section 4 of the Certificate of Incorporation is amended to read as follows:

The total number of shares of stock of all classes and series the Company shall have authority to issue is 805,000,000 shares consisting of (i) 800,000,000 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.

3. This Certificate of Amendment to Certificate of Incorporation was duly adopted and approved by the shareholders of this Company on the 3rd day of March 2015 in accordance with Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Amendment to Certificate of Incorporation as of the 3rd day of March, 2015.

COCRYSTAL PHARMA, INC.

By: /s/ Gary Wilcox
GARY WILCOX
CHIEF EXECUTIVE OFFICER

Exhibit 10.5

TERMINATION OF EXECUTIVE EMPLOYMENT AGREEMENT

This Termination of Executive Employment Agreement (this "Agreement") between Cocrystal Pharma, Inc., a Delaware corporation (f/k/a Biozone Pharmaceuticals, Inc.) (including its successors and assigns, the "Company"), and Dr. Gary Wilcox (the "Executive") is dated as of February 23, 2015. This Agreement terminates the Executive Employment Agreement dated as of January 2, 2014 by and between the Company and Executive (the "Employment Agreement"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Employment Agreement. All references to Sections herein shall be references to such Sections in the Employment Agreement unless otherwise noted.

RECITALS

WHEREAS, the parties hereto desire to terminate the Employment Agreement; and

WHEREAS, the Executive will continue providing services to the Company as an employee and as its Chief Executive Officer.

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Termination of Employment Agreement. The Employment Agreement is hereby terminated and of no further force or effect; provided, however, that the Executive will continue as a full-time, at-will employee of the Company and will continue to serve as the Chief Executive Officer of the Company at the discretion of the Board of Directors of the Company. The parties each acknowledge and agree that the termination of the Employment Agreement will not trigger, and shall not be construed to trigger, any rights of the Executive to receive severance or any other payment from the Company.

2. Waiver of Option. The Executive acknowledges and agrees that he has not been granted, and will not be granted, the Option described in Section 5(a). The Executive hereby waives all rights to receive any interest in the Option and fully and forever releases the Company and each of its officers, directors, employees, stockholders, affiliates and assigns from any claim, duty, obligation or cause of action arising out of or relating to the Option.

3. General Provisions.

(a) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

(b) Entire Agreement. This Agreement sets forth the entire agreement between the parties hereto and supersedes and cancels all prior agreements or understandings between the parties with respect to termination of the Employment Agreement; provided, however, that the Confidentiality Agreement as defined in Section 11 and any similar agreements, such as a Proprietary Information and Inventions Agreement with a subsidiary of the Company, will survive and continue in full force and effect. The Executive acknowledges and agrees that he has not relied on any representations, promises, or agreements of any kind made to him in connection with this Agreement or termination of the Employment Agreement.

(c) Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Washington without regard to its conflicts of law principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date first written above.

Cocrystal Pharma, Inc.

By: /s Steven D. Rubin
Steven D. Rubin, Director

Executive

By: /s/ Gary Wilcox
Dr. Gary Wilcox

Exhibit 10.6

FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This First Amendment to Executive Employment Agreement (this "Amendment") between Cocrystal Pharma, Inc., a Delaware corporation (f/k/a Biozone Pharmaceuticals, Inc.) (including its successors and assigns, the "Company"), and Dr. Sam Lee (the "Executive") is dated as of February 23, 2015. This Amendment amends the Executive Employment Agreement dated as of January 2, 2014 by and between the Company and Executive (the "Employment Agreement"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Employment Agreement. All references to Sections herein shall be references to such Sections in the Employment Agreement unless otherwise noted.

RECITALS

WHEREAS, the parties hereto desire to amend certain terms of the Employment Agreement to reflect certain agreed-upon modifications to the Executive's compensation and benefits, upon the terms set forth herein;

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Section 5.** Sections 5(a) and 5(b) are hereby deleted in their entirety. The Executive acknowledges and agrees that (i) he has not been granted the Option described in Section 5(a) and (ii) the effect of the deletion of Sections 5(a) and 5(b) is that the Executive will not have the right to receive the Option. The Executive hereby waives all rights to receive any interest in the Option and fully and forever releases the Company and each of its officers, directors, employees, stockholders, affiliates and assigns from any claim, duty, obligation or cause of action arising out of or relating to the Option.

2. **Section 7(d).** Section 7(d) is hereby amended in its entirety to read as follows: "Upon written notice by the Company to the Executive of an involuntary termination without Cause and other than due to death or Disability."

3. **Section 8(d).** Section 8(d) is hereby amended by:

(a) changing "twelve (12) months" in the second line of Section 8(d)(1) to "six (6) months";

(b) inserting an "and" at the end of the Section 8(d)(3);

(c) deleting "; and" at the end of Section 8(d)(4) and replacing it with a period; and

(d) deleting Section 8(d)(5) in its entirety.

4. Section 7(e). Section 7(e)(5) shall be amended in its entirety to read as follows: "(5) a requirement that the Executive relocate to a principal place of employment more than forty (40) miles from his then current place of employment with the Company; or".

5. General Provisions.

(a) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives.

(b) Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Amendment may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

(c) Entire Agreement. This Amendment, together with the Employment Agreement, sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Amendment. Except as amended by this Amendment, the Employment Agreement shall remain in full force and effect in accordance with its terms and conditions, and is hereby ratified and confirmed.

(d) Governing Law. The validity, interpretation, construction and performance of this Amendment shall be governed by the laws of the Washington without regard to its conflicts of law principles.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment, effective as of the date first written above.

Cocrystal Pharma, Inc.

By: /s/ Gary Wilcox
Dr. Gary Wilcox, Chief Executive Officer

Executive

By: /s/ Dr. Sam Lee
Dr. Sam Lee

Exhibit 21.1

Subsidiaries of Cocrystal Pharma, Inc.

Name of Subsidiary	**Jurisdiction of Incorporation**
Cocrystal Merger Sub, Inc.	Delaware
RFS Pharma, LLC	Georgia
Cocrystal Discovery, Inc.	Delaware

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Gary Wilcox, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 31, 2015

/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 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: March 31, 2015

/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 for the year ended December 31, 2014, 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: March 31, 2015

In connection with the annual report of Cocrystal Pharma, Inc. (the "Company") on Form 10-K for the year ended December 31, 2014, 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: March 31, 2015