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

FORM 10-K

(Mark one)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
for the fiscal year ended December 31, 2016

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number 000-26372

ADAMIS PHARMACEUTICALS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**82-0429727**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11682 El Camino Real, Suite 300, San Diego, CA 92130
(Address of Principal Executive Offices) (zip code)

Registrant's telephone number, including area code: **(858) 997-2400**
Securities registered pursuant to Section 12(b) of the Act:

None	**None**
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.0001 par value
(Title of class)

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

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

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those sections.

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of June 30, 2016, was $39,693,786.

At March 30, 2017, the Company had 22,634,713 shares outstanding.

Documents Incorporated by Reference: Portions of the registrant's proxy statement for its 2017 annual meeting of stockholders are incorporated by

reference into Part III of this Annual Report on Form 10-K. Except as expressly incorporated by reference, the registrant's definitive proxy statement shall not be deemed to be part of this report.

ADAMIS PHARMACEUTICALS CORPORATION

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Information Relating to Forward-Looking Statements

This Annual Report on Form 10-K (this "Report") includes forward-looking statements. Such statements are not historical facts, but are based on our current expectations, estimates and beliefs about our business and industry. Such forward-looking statements may include, without limitation, statements about our strategies, objectives and our future achievements; our expectations for growth; estimates of future revenue; our sources and uses of cash; our liquidity needs; our current or planned clinical trials or research and development activities; anticipated completion dates for clinical trials; product development timelines; our future products; regulatory matters; our expectations concerning the timing of regulatory approvals; anticipated dates for meetings with regulatory authorities and submissions to obtain required regulatory marketing approvals; anticipated dates for commercial introduction of products; expense, profit, cash flow, or balance sheet items or any other guidance regarding future periods; and other statements concerning our future operations and activities. Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events, and they are subject to risks and uncertainties, known and unknown, that could cause actual results and developments to differ materially from those expressed or implied in such statements. In some cases, you can identify forward-looking statements by terminology, such as "believe," "will," "expect," "may," "anticipate," "estimate," "intend," "plan," "should," and "would," or the negative of such terms or other similar expressions. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Report. These forward-looking statements are not guarantees of future performance and concern matters that could subsequently differ materially from those described in the forward-looking statements. Actual events or results may differ materially from those discussed in this Annual Report on Form 10-K. In addition, many forward-looking statements concerning our anticipated future business activities assume that we are able to obtain sufficient funding in the near term and thereafter to support such activities and continue our operations and planned activities. As discussed elsewhere in this Report, we will require additional funding to continue operations, and there are no assurances that such funding will be available. Failure to timely obtain required funding would adversely affect and could delay or prevent our ability to realize the results contemplated by such forward looking statements. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Because factors referred to elsewhere in this Report, including without limitation the "Risk Factors" section on this Report, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except as may be required by applicable law, we undertake no obligation to release publicly the results of any revisions to these forward-looking statements or to reflect events or circumstances arising after the date of this Report. Important risks and factors that could cause actual results to differ materially from those in these forward-looking statements are disclosed in this Annual Report on Form 10-K, including, without limitation, under the headings "Item 1A. Risk Factors," "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in our subsequent filings with the Securities and Exchange Commission, press releases and other communications.

The Adamis Pharmaceuticals logo and other trademarks or service marks of Adamis Pharmaceuticals Corporation appearing in this Annual Report on Form 10-K are the property of Adamis Pharmaceuticals Corporation. All other brand names or trademarks appearing in this Annual Report on Form 10-K are the property of their respective owners. Unless the context otherwise requires, the terms "we," "our," and "the Company" refer to Adamis Pharmaceuticals Corporation, a Delaware corporation, and its subsidiaries.

PART I

ITEM 1. BUSINESS

Company Overview

Adamis Pharmaceuticals Corporation ("we," "us," "our," "Adamis" or the "company") is a specialty biopharmaceutical company focused on developing and commercializing products in the therapeutic areas of respiratory disease and allergy. We are currently developing several products in the allergy and respiratory markets, including our Epinephrine Injection pre-filled syringe, or PFS, product for use in the emergency treatment of acute allergic reactions, including anaphylaxis; albuterol (APC-2000) and fluticasone (APC-4000) dry powder inhaler, or DPI, products for the treatment of bronchospasm and asthma, respectively; and beclomethasone (APC-1000), a metered dose inhaler product for the treatment of asthma. Our goal is to create low cost therapeutic alternatives to existing treatments. Consistent across all specialty pharmaceuticals product lines, we intend to submit Section 505(b)(2) New Drug Applications, or NDAs, or Section 505(j) Abbreviated New Drug Applications or ANDAs, and regulatory approval filings, to the U.S. Food and Drug Administration, or FDA, whenever possible, in order to potentially reduce the time to market and to save on costs, compared to those associated with Section 505(b)(1) NDAs for new drug products.

Our U.S. Compounding, Inc., subsidiary, or USC, which we acquired in April 2016 and which is registered as a drug compounding outsourcing facility under Section 503B of the U.S. Food, Drug & Cosmetic Act, as amended, or FDCA, and the U.S. Drug Quality and Security Act, or DQSA, provides prescription compounded medications, including compounded sterile preparations and nonsterile compounds, to patients, physician clinics, hospitals, surgery centers and other clients throughout most of the United States. USC's product offerings broadly include, among others, corticosteroids, hormone replacement therapies, hospital outsourcing products, injectables, urological preparations, ophthalmic preparations, topical compounds for pain and men's and women's health products. USC's compounded formulations in many circumstances are offered as alternatives to drugs approved by the FDA. USC also provides certain veterinary pharmaceutical products for animals.

To achieve our goals and support our overall strategy, we will need to raise a substantial amount of funding and make significant investments in, among other things, new product development and working capital.

The current status of our development programs is as follows:

Product Portfolio

Specialty Pharmaceutical Products	Target Indication	Development Status
Epinephrine PFS	Anaphylaxis	Submitted NDA
Dry Powder Inhaler Products		
Fluticasone (APC-4000)	Asthma	Phase 3 ready (1)(2)
Albuterol (APC-2000)	Bronchospasm	Phase 3 ready (1)(2)
Metered Dose Inhaler Product		
Beclomethasone (APC-1000)	Asthma	Phase 3 ready (1)(2)

(1) Represents the next anticipated development or regulatory stage for the product candidate that we may pursue following completion of product development, assuming that we have the financial resources to pursue any of these opportunities. There are no assurances that we will pursue these opportunities, for financial or other reasons.

(2) Following completion of product development, a single Phase 3 trial, without previous Phase 1 or Phase 2 trials, is the anticipated next product development stage. We intend to conduct additional trials, such as pharmacokinetic, or PK, and/or dose escalation studies in connection with the Phase 3 trial.

We have not received regulatory approval for any of the above drugs or products.

Anaphylaxis; Epinephrine Pre-Filled Syringe

Our most advanced product candidate, the Epinephrine Injection USP 1:1000 0.3mg Pre-filled Single Dose Syringe, or the Epinephrine PFS, is a pre-filled syringe designed to deliver a premeasured 0.3 mg dose of epinephrine for the treatment of anaphylaxis. The American Academy of Allergy Asthma and Immunology, or AAAAI, defines anaphylaxis as a serious life-threatening allergic reaction. The most common anaphylactic reactions are to foods, insect stings, medications and latex. According to information published by AAAAI reporting on findings from a 2009-2010 study, up to 8% of U.S. children under the age of 18 had a food allergy, and approximately 38% of those with a food allergy had a history of severe reactions. Anaphylaxis requires immediate medical treatment, including an injection of epinephrine.

We estimate that sales of prescription epinephrine products in 2016 were approximately $1.2 billion, based on industry data. We cannot provide any assurances concerning any possible future rates of annual growth or whether annual prescription sales will decline or grow. As discussed elsewhere in this Report, including under the headings "Business – Competition" and "Risk Factors -- If our potential products are unable to compete effectively with current and future products targeting similar markets as our potential products, our commercial opportunities will be reduced or eliminated," the market for prescription epinephrine products is increasingly competitive, and a number of factors have resulted in, and could continue to result in, downward pressure on the pricing of, and revenues from sales of, prescription epinephrine products such as our Epinephrine PFS product.

We believe that there is an opportunity for a simple, lower-cost, pre-filled syringe to compete in this market. Our Epinephrine PFS product will allow users to administer a pre-measured epinephrine dose quickly with a syringe that we believe will be familiar to many potential users. Auto-injectors are spring-loaded auto-injector devices. If not administered properly, there is a risk that they could misfire or be misused. We expect to introduce the Epinephrine PFS product at a price point reflecting a discount to the price of the leading products. We believe that a lower-priced option may be attractive to individuals that pay cash for their epinephrine products, professional users such as hospitals and first responders, and military and prison systems.

We believe that the Epinephrine PFS product, if introduced, may acquire a share of the market based on the price differential between the expected price of the Epinephrine PFS product and the price at which the current market-leading product is currently sold, which may motivate purchasers and reimbursing payors to choose the lower cost alternative. We believe that the Epinephrine PFS product has the potential to compete successfully, although there can be no assurance that this will be the case. If our product is approved and introduced, competitors may reduce or otherwise modify the pricing of their existing products. In addition, a generic version of the market-leading auto-injector product was recently introduced at a significantly lower price than the market-leading product, other competing products have been introduced or prices on existing competing products have been reduced, and if additional competing products are introduced in the future, including generic or bioequivalent, or A/B rated, versions of one or more existing spring-loaded auto-injector devices, at lower prices than the current market leading products, the competitive success of our product could be adversely affected.

On May 28, 2014, we submitted a Section 505(b)(2) NDA application to the FDA for approval for sale of our Epinephrine PFS product. We received a complete response letter, or CRL, from the FDA on March 27, 2015. A CRL is issued by the FDA's Center for Drug Evaluation and Research when it has completed its review of a file and questions remain that preclude the approval of the NDA in its current form. We resubmitted the NDA on December 4, 2015. On June 3, 2016, we received a second CRL from the FDA regarding our resubmitted NDA. The CRL indicated that the FDA determined that it could not approve the NDA in its present form. The agency indicated that in order to support approval of the product, the Company must expand its human factors studies. The CRL indicated that new human factors studies would need to provide additional, adequate and satisfactory data and information concerning, among other things, use of the product in different use environments and by different kinds of users and user groups. The CRL included comments on certain other aspects of the product and the materials and data submitted as part of the NDA. The CRL indicated that the agency had reserved comment, if any, on the proposed labeling for the product until the application was otherwise adequate. The FDA indicated that the NDA will remain open until the issues identified in the CRL are resolved.

On December 15, 2016, we resubmitted our NDA to the FDA. The resubmission was intended to address the issues raised by the FDA in the June 2016 CRL. On January 19, 2017, we announced that the FDA had accepted for review our resubmitted NDA. The FDA indicated that it considered the resubmission to be a complete response to the CRL. The agency continues to request certain additional information relating to some of the other comments contained in the CRL, which we intend to provide.

There are no assurances that the FDA will approve the resubmitted NDA and grant marketing approval for the Epinephrine PFS product. If the FDA approves the NDA, we hope to receive an approval in time to permit first commercial sales to commence sometime in the third quarter of 2017, although there are no assurances that this will be the case. Under goals established in connection with the Prescription Drug User Fee Act, or PDUFA, the FDA's guidance for the review and acting on Class 2 NDA resubmissions is six months from the date of receipt of the resubmission. However, the FDA's review processes can extend beyond, and in some cases significantly beyond, anticipated completion dates due to the timing of the FDA's review process, issuance of an additional Complete Response Letter, FDA requests for additional data, information, materials or clarification, difficulties scheduling an advisory committee meeting, FDA workload issues, extensions resulting from the submission of additional information or clarification regarding information already in the submission within the last three months of the target PDUFA date, or other reasons. As a result, the dates of regulatory approval, if obtained, and commercial introduction of our product could be delayed beyond our expectations.

Asthma and Bronchospasm

According to the National Institute of Health, or NIH, asthma is a chronic lung disease that inflames and narrows the airways. Asthma causes recurring periods of wheezing, chest tightness, shortness of breath, and coughing. Asthma affects people of all ages, but it most often starts during childhood. According to information published by Centers for Disease Control & Prevention (CDC) reporting on findings from 2014, the number of people in the U.S. with asthma is approximately 24 million and growing. We estimate that global sales of asthma and bronchospasm prescription products were in excess of approximately $10.6 billion in 2016, based on industry data.

Dry Powder Inhaler (DPI) Device Platform.

In December 2013, we acquired assets relating to 3M's patented Taper dry powder inhaler, or DPI, technology under development by 3M for the treatment of asthma and bronchospasm, for total consideration of $10 million. The Taper DPI technology was under development by 3M as a device designed to efficiently deliver dry powder by utilizing a 3M proprietary microstructured carrier tape. We are utilizing the Taper DPI assets to develop the DPI device. We believe that, if successfully developed, the device can be utilized to deliver a variety of different drug compounds. We intend to utilize the DPI as a platform delivery device for additional products that will compete in the respiratory markets, including combination products. Pursuant to our agreement with 3M, the microstructured carrier tape will be supplied by 3M under a separate supply agreement to be negotiated with 3M.

We believe that one advantage of the technology is that it can deliver drug particles without the need for lactose or formulation excipients. The majority of current dry powder products use lactose carrier excipients to enhance flowability; however, they have the disadvantage of increased bulk and require a mechanism for detaching the drug from the surface of the lactose. Lactose carrier formulations require a complicated blending process and delivery that is highly sensitive to excipient powder properties. To our knowledge, there are currently no excipient-free dry powder inhalers in the U.S. market.

Asthma; Fluticasone. In light of competitive changes in the marketplace, we have prioritized two single compounded products (APC-2000 and 4000) over a combination product that we were previously developing for the treatment of asthma to deliver the same active ingredients as GlaxoSmithKline's Advair® Diskus®, which combines fluticasone propionate and salmeterol xinafoate. As a result, our first product candidate in development utilizing the DPI technology platform in our allergy and respiratory pipeline, APC-4000, will deliver Fluticasone Propionate (Fluticasone) as a dry powder for inhalation for the treatment of asthma. The fluticasone product is designed to deliver the same active ingredient as GlaxoSmithKline's Flovent® Diskus® for the treatment of asthma. Fluticasone belongs to the family of medicines known as corticosteroids or steroids. It works by preventing certain cells in the lungs and breathing passages from releasing substances that cause asthma symptoms. We estimate that Flovent® Diskus®, marketed by GlaxoSmithKline, generated more than $466 million in U.S. sales and $786 million in global sales in 2016, based on GSK's publicly announced results.

Bronchospasm; Albuterol. Our second product candidate that is in development using our DPI technology, albuterol, (APC-2000), is a bronchodilator for the treatment or prevention of bronchospasm. Bronchodilators are medicines that are breathed in through the mouth to open up the bronchial tubes (air passages) in the lungs. Bronchodilators relieve cough, wheezing, shortness of breath, and troubled breathing by increasing the flow of air through the bronchial tubes. We have had previous discussions with the FDA regarding regulatory approval requirements and intend to have further discussions concerning, among other things, the appropriate regulatory pathway for the product under Section 505(j) relating to ANDAs, Section 505(b)(2) or otherwise. Based on industry sources, we estimate that the annual worldwide sales of bronchodilators are approximately $1.8 billion.

Total time to develop the DPI products, including manufacture of the product, clinical trials and FDA review, is expected to be approximately 24-30 months from inception of full product development efforts, assuming that we are able to obtain adequate funding and that there are no unforeseen regulatory issues or other delays. As discussed further below, product development time is subject to a number of risks and uncertainties, which can delay the actual development time beyond the estimates described above.

We are currently preparing an investigational new drug application, or IND, to be submitted to the FDA to begin human testing of both the albuterol and fluticasone DPIs. Assuming receipt of sufficient funding, if product development is successful, and if clinical trials are initiated and successfully completed, we intend to pursue an NDA under Section 505(b)(2) to seek approval for sale in the U.S. market. We also intend to seek to identify opportunities to market DPI based products outside of the U.S. We currently have no in-house manufacturing capabilities, so we intend to rely on third-party contract manufacturers to manufacture the materials needed to produce DPI products.

Asthma; APC-1000 Metered Dose Inhaler.

Our APC-1000 product candidate is a steroid hydrofluoroalkane, or HFA, metered dose inhaler product, for asthma. Our product candidate, if developed and approved for marketing, will target a small niche within the larger market for respiratory products. To date, we have not made any regulatory filings with the FDA for this product. We estimate that the annual global sales of prescription steroid HFA and similar products are approximately $3.0 billion, of which we intend to target a smaller niche.

On February 24, 2015, we announced the result of our pharmacokinetic study, or PK study, comparing our beclomethasone dipropionate HFA, 80 mcg Inhalation Aerosol, product, APC-1000, with Teva Respiratory, LLC's Qvar® (Beclomethasone Dipropionate HFA, 80 mcg Inhalation Aerosol) product. The study was a Phase I open label, randomized, single-dose, four-way crossover PK study comparing APC-1000 to Qvar. Twenty-two healthy male and female subjects who met the study inclusion criteria were enrolled. The study involved a screening period before randomization and four treatment periods each separated by a minimum of three days. Both inhalation aerosols were administered to each subject for a total dose of 320 mcg BDP (4 inhalations). Twenty-one subjects completed the study. One subject was withdrawn due to non-compliance. The purpose of this PK study was to compare the bioavailability of APC-1000 to Qvar. The results showed the extent of absorption of APC-1000 to be equivalent to Qvar. Following discussions with the FDA and additional consideration of the development pathway for the product, we decided to conduct additional development work for APC-1000 during 2016. We intend, depending on the outcome of several factors including results of additional development work and obtaining additional funding that will be required to commence a trial, to file an IND, and initiate a dose escalation and subsequent Phase 3 efficacy study, during the second half of 2017, assuming that we are able to obtain adequate funding and that there are no unforeseen regulatory issues or other delays. As discussed elsewhere in this Report, product development time is subject to a number of risks and uncertainties, which can delay the actual development time beyond our estimates.

Our development plans concerning our allergy and respiratory products, including APC-1000, are affected by developments in the marketplace, including the introduction of potentially competing new products by our competitors. For example, certain products that previously have been available by prescription only have been approved by the FDA and introduced for sale over-the-counter without a prescription at a lower price than competing prescription products, and other new allergy or respiratory products have been or could in the future also be approved as "branded generic" products or as over-the-counter products. Such products could be sold at lower prices than prescription products, could adversely affect the willingness of health insurers or other third party payors to reimburse patients for the cost of prescription products, and could adversely affect our ability to successfully develop and market product candidates in our pipeline. As a result, our product development plans could be affected by such considerations. The anticipated dates for development and introduction of products in our allergy and respiratory product pipeline will depend on a number of factors, including the availability of adequate funding to support product development efforts. We believe that should we decide to pursue such applications, we would be required to submit data for an application for approval to market APC-1000 pursuant to Section 505(b)(2), although there are no assurances that this will be the case. We believe that the next trial for APC-1000 would be a Phase 3 pivotal trial, potentially preceded by dose escalation studies and do not believe that Phase 1 or Phase 2 trials would be required. Total time to develop the APC-1000 product, including manufacture of the product, clinical trials and FDA review, is expected to be approximately 24-30 months from inception of full product development efforts, assuming that we are able to obtain adequate funding and that there are no unforeseen regulatory issues or other delays.

Factors that could affect the actual launch date for our allergy and respiratory product candidates, as well as our other product candidates, include general market conditions, the outcome of discussions with the FDA concerning the number and kind of clinical trials that the FDA will require before the FDA will consider regulatory approval of the applicable product, the outcome of discussions with the FDA concerning the regulatory approval pathway of the applicable product, any unexpected difficulties in licensing or sublicensing intellectual property rights that may be required for other components of the product patent infringement lawsuits relating to Paragraph IV certifications as part of any Section 505(b)(2) or ANDA filings, see "Government Regulation—Regulation in the United States—Section 505(b)(2) New Drug Applications," any unexpected difficulties in the ability of our suppliers to timely supply quantities for commercial launch of the product, any unexpected delays or difficulties in assembling and deploying an adequate sales force to market the product, and receipt of adequate funding to support product development and sales and marketing efforts.

Subject to several factors including the availability of sufficient funding, the success of future clinical trials, obtaining required regulatory approvals and the absence of unexpected delays, we believe that up to four products, including Epinephrine PFS, could be ready for launch or launched before the end of 2019, although there can be no assurances that this will be the case.

Prescription Compounded Medications

Overview. Our USC subsidiary, which is registered as a drug compounding outsourcing facility under Section 503B of the FDCA and the DQSA, provides prescription compounded medications, including compounded sterile preparations or CSPs, and non-sterile compounds to patients, physician clinics, hospitals, surgery centers and other clients throughout most of the United States. USC's product offerings broadly include, among others, corticosteroids, hormone replacement therapies, hospital outsourcing products, injectables, urological preparations, ophthalmic preparations, topical compounds for pain and men's and women's health products. USC's compounded formulations in many circumstances are offered as therapeutic alternatives to drugs approved by the U.S. Food and Drug Administration, or the FDA. USC also provides certain veterinary pharmaceutical products for animals.

USC sources raw materials only from suppliers registered with the FDA. Utilizing these raw material components, USC prepares and provides a broad range of customized stock keeping units to meet the individual requirements of customers located throughout most of the United States.

The pharmacy sterile compounding industry arose in part because hospitals and other healthcare providers administering drugs require concentrations, dosage forms and delivery systems that are not readily commercially available from drug manufacturers in a ready-to-use, or RTU, form. Historically, safety and quality standards for compounded medications were not well defined or implemented, leading to demand for safer compounding practices, and the level of state regulation varied significantly. The 2012 nationwide fungal meningitis outbreak caused by a compounding pharmacy led to increased regulatory oversight of the industry which, among other things, led to the passage of the DQSA and its creation of Section 503B outsourcing facilities as a new, more highly FDA-regulated category of interstate outsourced CSP providers. Registration as a Section 503B outsourcing facility is currently voluntary. USC was incorporated in Arkansas in 2004, and registered with the FDA as a Section 503B outsourcing facility in December 2013.

USC's business is focused on marketing a portfolio of compounded preparations for humans and animals, including sterile injectable and non-sterile integrative therapies, in therapeutic areas such as autoimmunity, chronic infectious diseases, and endocrine and metabolic diseases. USC also offers customizable hormone replacement therapies and a variety of weight loss and dermatology compounded formulations. Many of these formulations are offered in different formats than other available alternatives, such as in suspension or lyophilized. Many hospitals and surgery centers look to outsourcing facilities to obtain medications in RTU format, with the specific packaging, volume, and strength often unique to individual facilities. Many facilities and practitioners also look to outsourcing facilities when medications are on temporary backorder from the manufacturer or are discontinued.

Compounding pharmacies and outsourcing facilities combine different ingredients, some of which may be FDA-approved, to create specialized preparations prescribed by a physician. Examples of compounded formulations include medications with alternative dosage strengths or unique dosage forms, such as topical creams or gels, suspensions, or solutions with more tolerable drug delivery vehicles. A physician may also work together with a pharmacist to repurpose or reformulate FDA-approved drugs via the compounding process to meet a patient's specific medical needs. Outsourcing facilities generally specialize in compounding ready-to-use unit dose medications and medications that may be on commercial backorder from the traditional manufacturers. These compounds are distributed to hospitals, surgery centers, and practitioners. Examples of compounded medications prepared by outsourcing facilities include sterile syringes used by hospital and surgery center operating rooms, sterile injectables administered by the practitioner in the office, and unit-dosed sterile and non-sterile medications. USC's outsourcing facility receives its active pharmaceutical ingredients from three main suppliers, which accounted for the majority of USC's drug and chemical purchases in 2016.

In recent years, there have been increases in the cost of certain injectable drugs and related products as a result of (i) enhanced oversight by the FDA and other regulatory bodies of manufacturers of injectable products, and the added costs associated therewith, (ii) decreased competition when drug manufacturers voluntarily cease producing certain drugs or face temporary regulatory suspension or permanent regulatory shut down of their operations, and (iii) consolidation among drug manufacturers. These factors have led some manufacturers to raise prices of some products and have also contributed to market shortages of injectable products, containers and diluents. These shortages and the potential inability to secure an adequate supply of necessary drug formulations can have a significant impact on the day-to-day business and operations of USC and its customers.

Since we acquired USC in April 2016, we have taken several measures intended to support the growth of the business including hiring additional personnel, expanding sales channels, and strengthening our production processes.

Research and Development. USC has, and after our acquisition of USC we have, invested capital in efforts to comply with new and anticipated FDA regulations applicable to its business and outsourcing facilities, to expand product offerings, enhance production capabilities, improve warehouse space, develop new packaging, labeling and processing solutions, refine quality and safety measures, and develop technology for the intake and management of customer orders. Historically, research and development costs have consisted primarily of costs associated with the research and development of new CSPs, such as salaries and other personnel-related expenses for employees involved with research and development activities, pre-launch sterility and stability testing and other related expenses. Additional regulatory guidance is expected to increase the validation and development costs for current and new products.

Regulatory Matters. USC's business and results of operations for 2015 and 2016 have been affected by certain regulatory matters relating to its compounding outsourcing facility. Compounding outsourcing facilities have historically been subject to FDA inspections on an irregular basis and are now subject to FDA inspections on a risk-based schedule in accordance with DQSA Section 503B(b)(4). Observations by the FDA of potentially violative conditions during inspections are required to be reported to facility management at the close of the inspection on FDA Form 483. It is common for such reports to be provided in connection with inspections of compounding outsourcing facilities, and observations may be further followed by Warning Letters and other enforcement actions as the FDA deems warranted. In March 2014 and August 2015, USC received Form 483 observations following FDA inspections of its outsourcing facility, noting inspectional observations of a number of observed deficiencies relating to USC's facility and practices.

Following the August 2015 Form 483 observations, USC suspended production of sterile products and voluntarily recalled all lots of sterile products aseptically compounded and packaged by USC that remained within expiry, due to the FDA's concern over a lack of sterility assurance. This was a voluntary recall and voluntary suspension of sterile production, and USC determined there was no evidence that any compounded sterile products were defective. The recall did not pertain to any non-sterile compounded products prepared by USC. USC responded to the August 2015 Form 483 observations and took a number of corrective actions, including reviewing and enhancing quality control and production systems**.** The FDA stated in a December 2015 communication that at that time it did not object to USC's resumption of production and distribution of sterile drug products. In March 2016, USC received another letter from the FDA indicating that the voluntary action was a class II recall. Class II means that the probability of serious adverse health consequences is remote. USC resumed production and sale of compounded sterile products in March - April 2016.

Following the suspension of sterile production and the voluntary recall, state pharmacy regulatory agencies in certain states also initiated inquiries or took other actions regarding sales of USC products in such states, and some of those proceedings are ongoing. Resolution of these proceedings, or any future proceedings by the FDA or state regulatory agencies alleging violation of applicable federal or state laws or regulations, could require significant time and financial resources, and an adverse outcome in one or more of these proceedings could adversely affect our business, results of operations and financial condition.

The suspension of sterile production, product recall, remediation efforts, and resumption of sterile production adversely affected USC's relationships with certain of its customers, who following the suspension of sterile compounding were required to purchase needed products from other pharmacies or outsourcing facilities, and with certain of USC's independent contractors and sales representatives who previously assisted in distributing USC's products, had a material adverse effect on USC's revenues, income, and financial condition for the 2015 and 2016 years, and may also adversely affect revenues and income from sale of products by USC in future periods.

We cannot predict when or if we will receive additional 483 observations or other communications from the FDA or state regulatory authorities regarding USC's compounding outsourcing facility or CSPs. We could be subject to additional regulatory action by the FDA and civil or criminal enforcement action by the Department of Justice under the FDCA, Federal False Claims Act, or other applicable statutes, as well as related private actions, as a result of previous, current or future FDA observations. USC's suppliers and customers may negatively consider the Form 483 observations issued to us when deciding to award contracts or continue or renew agreements. Other state and federal regulators and agencies may also consider the Form 483 observations when conducting their own inspections, enforcement actions or approvals, including license renewals. Any such actions could significantly disrupt USC's business and harm its and our reputation, resulting in a material adverse effect on our business, results of operations and financial condition.

Other Technologies

Cancer and Vaccine Technologies; Termination of License Agreements

As we have disclosed in our previous filings, we previously entered into a number of license agreements pursuant to which we acquired license rights regarding patent rights relating to a number of potential therapeutic vaccine and cancer product candidate technologies. In April 2010, we acquired rights as licensee under three exclusive license agreements, referred to as the WARF Agreements, with the Wisconsin Alumni Research Foundation, or WARF, regarding certain prostate cancer technologies and product candidates, named APC-100, APC-200 and APC-300. In April 2011, we entered into an exclusive license agreement, the UC/DF Agreement, with The Regents of the University of California, or UCSD, and the Dana-Farber Cancer Institute, Inc., or DFCI, pursuant to which we licensed certain patent rights relating to a telomerase-based cancer vaccine technology. We have also disclosed in our previous filings that we are currently primarily focused on our specialty pharmaceutical products and compounding pharmacy formulations and do not intend to devote material financial resources for research and development of our licensed cancer and biotechnology product candidates and technologies.

As we have disclosed in our previous filings with the SEC, on November 10, 2016, we delivered a notice of termination to UCSD and DFCI of the UC/DF Agreement. Under the terms of the agreement, the notice of termination is effective 90 days after delivery. Also on November 10, 2016, we delivered a notice of termination to WARF of the WARF Agreements, with such termination to be effective 90 days after delivery of the notice. These agreements permit either party to terminate the agreements upon prior notice to the other party, without termination fees or penalties. As a result of termination of these agreements, we believe that we will not be responsible after the effective date of termination for minimum annual payments under the agreements or for payment of patent-related fees and costs relating to the licensed patents and technologies. As part of the winding up and termination process, we are responsible for certain expenses and costs incurred through the effective date of termination, and certain provisions of the agreements survive the termination or expiration of the agreements.

We currently do not intend to devote significant financial resources for research or development of cancer and biotechnology product candidates and technologies.

C31G

We also have a microbicide product candidate, named C31G. On December 7, 2010, we announced the successful completion of a Phase 3 contraceptive trial of C31G. The study met its primary endpoint and was conducted by the Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD), National Institutes of Health (NIH), in the Contraceptive Clinical Trials Network at 14 sites in the United States. The clinical investigators found that C31G was not inferior in contraceptive efficacy to the comparator drug Conceptrol. Moreover, the gel was well-tolerated and had a high degree of acceptability in women who completed the study. No drug-related serious adverse events were observed with C31G. C31G does not contain N-9 and, if commercialized, could offer an alternative for women who seek a non-hormonal method of contraception. In addition, on September 9, 2013, we announced that a recently published study conducted by university researchers at Louisiana State University Health Science Center found that C31G was effective in treating Herpes Simplex Virus, or HSV, in an eye infection, ocular keratitis, and animal model using live rabbits. The rabbit eye model utilized for the study mimics the disease in humans. In the same study the researchers also reported that ocular administration of C31G was safe and well tolerated, confirming earlier clinical studies that established C31G safety and tolerability in other applications. HSV-1 is the same virus that causes cold sores and is common in humans. In the eye, it usually causes an infection of the cornea, and that infection is the most common cause of cornea-derived blindness. In previous animal studies, C31G was also active against HSV-2, the cause of genital herpes.

Before considering any actions to further develop or seek regulatory approval for a C31G product, further meetings with the FDA would likely be required to discuss the regulatory pathways for submitting an NDA for marketing approval, including the additional trials that may be required before an NDA is submitted. In considering commercialization alternatives, we would likely seek to enter into an out-licensing or similar transaction with organizations that have a focus or business unit in the area of antimicrobials or contraception, or in other fields where C31G may have potential as a product candidate. The C31G product candidate is held by our Biosyn, Inc. subsidiary, which we acquired in 2004. Provisions in the agreement pursuant to which we acquired Biosyn, and/or in certain of the funding agreements and other agreements relating to the C31G product, provide for payments to the former Biosyn shareholders upon marketing approval by the FDA (or, in certain circumstances, certain foreign regulatory authorities) of C31G for one or more indications, for payments to certain other third parties in the event of sales or other revenues relating to C31G or certain other events, and include limitations on certain activities of Biosyn including payment of dividends. In addition, sale or out-licensing of the C31G product candidate may require the consent of one or more such third parties. As a result, commercialization of the product could require, among other things, renegotiation of the provisions relating to the former Biosyn shareholders and such third parties. Accordingly, there can be no assurances that we will pursue or be able to successfully conclude a transaction involving C31G or concerning the amounts that we might receive from any such transaction, or that any C31G product will be submitted for regulatory approval or will be approved or marketed.

For the year ended December 31, 2016 and 2015, we estimate that we spent approximately $9.7 million and $4.8 million, respectively, on all research and development activities.

Clinical Supplies and Manufacturing

Except for our facilities at USC that are utilized to prepare compounded formulations, we have no in-house manufacturing or distribution capabilities and have no current plans to establish manufacturing facilities for significant clinical or commercial production. We rely on third-party contract manufacturers to make the material used to support the development of our product candidates. Our third-party manufacturers are subject to extensive governmental regulation. The FDA mandates that drugs be manufactured, packaged and labeled in conformity with current good manufacturing practices, or cGMP, regulations. In complying with cGMP regulations, manufacturers must continue to expend time, money and effort in production, record keeping and quality control to ensure that their services and products meet applicable specifications and other requirements. We intend to continue to outsource the manufacture and distribution of our products for the foreseeable future, and we believe this manufacturing strategy will enable us to direct our financial resources to commercialization without devoting the resources and capital required to build cGMP compliant manufacturing facilities. If the FDA approves our NDA relating to our Epinephrine PFS product, we anticipate that the Epinephrine PFS product will be manufactured by Catalent Pharma Solutions, a third party manufacturer, utilizing materials to complete the manufacturing process obtained from various companies and suppliers, and assembly and final packaging of the product will also be implemented by a third party entity. Although there are potential sources of supply other than our existing suppliers, any new supplier would be required to qualify under applicable regulatory requirements.

Sales and Marketing

We are currently developing our sales and marketing infrastructure, including retaining employees and entering into arrangements with third parties for additional sales and marketing support, in anticipation of obtaining FDA approval of our NDA relating to our Epinephrine PFS product for treating anaphylaxis.

USC sells products by means of an internal team of sales and marketing employees as well as relationships with independent contractor sales representatives and groups. USC has focused its sales and marketing efforts on growth in hospitals, ambulatory surgery centers, clinics, and veterinarians, among other areas. Sales and marketing activities consist primarily of efforts to educate doctors, ambulatory surgery centers, healthcare systems, hospitals, veterinarians, and other users throughout the U.S. about USC's products and services. USC's sales and marketing team is focused on customer retention as well as generating sales from new and existing customers.

Customers and Distribution

Except with respect to sales of compounded pharmacy formulations by USC, we do not currently sell or distribute pharmaceutical products and since our fiscal 2010 year have not generated commercial revenues from marketing or selling any drugs or other products**.** If our Epinephrine PFS product is approved for marketing by the FDA, we anticipate that marketing and distribution of the product could commence to initial customers including wholesalers, who in turn seek to distribute the products to retail pharmacies or other customers, specialty wholesalers or distributors, professional users such as hospitals and first responders, and the military and prison systems, as well as other potential customers. We have retained third-party service providers to perform a variety of functions related to the distribution of our products that may be approved, including logistics management and other distribution management and data reporting services in exchange for a fee.

Competition

The biotechnology and pharmaceutical industries are extremely competitive. Our potential competitors in the field are many in number and include major pharmaceutical and specialized biotechnology companies. Many of our potential competitors have significantly more financial, technical and other resources than we do, which may give them a competitive advantage. In addition, they may have substantially more experience in effecting strategic combinations, in-licensing technology, developing drugs, obtaining regulatory approvals and manufacturing and marketing products. We cannot give any assurances that we can compete effectively with these other biotechnology and pharmaceutical companies. Our potential competitors in these markets may succeed in developing products that could render our products and those of our collaborators obsolete or non-competitive. In addition, many of our competitors have significantly greater experience than we do in the fields in which we compete.

Our allergy and respiratory products, if developed and launched, will compete with numerous prescription and non-prescription over-the-counter products targeting similar conditions, as well as prescription generic products. In addition, a number of large pharmaceuticals companies produce pharmaceutical products, such as antihistamines, corticosteroids and anti-leukotriene agents, which manage allergy and respiratory symptoms. Moreover, certain products that previously have been available by prescription only have been or could in the future be approved by the FDA for sale over-the-counter without a prescription at a lower price than competing prescription products, which could adversely affect our ability to successfully develop and market a competing prescription product. The Epinephrine PFS product, if commercialized, will compete against other self-administered epinephrine products, including EpiPen, EpiPen Jr., Auvi-Q and Adrenaclick. In addition, that has been market and regulatory focus during 2016 and 2017 on the prices to consumers of self-administered epinephrine products, which could exert downward pressure on the pricing of such products. If our Epinephrine PFS product is approved and introduced, competitors may reduce or otherwise modify the pricing of their existing products. In addition, the company that markets the currently leading auto-injector product, EpiPen, recently introduced a generic version of the auto-injector product at a lower price than the EpiPen, other competing products have been introduced or prices on existing competing products have been reduced, and if additional competing products are introduced in the future, including generic or bioequivalent, or A/B rated, versions of one or more existing spring-loaded auto-injector devices, at lower prices than the current market leading products, the competitive success of our product could be adversely affected. The competitive success of our products could also be adversely affected by changes in the willingness of insurance companies and other third party payors to cover or reimburse some or all of the costs to consumers of our products. Our APC-4000 and APC-2000 DPI products, if developed and commercialized, is expected to compete with allergy inhaler products offered by several companies, including GlaxoSmithKline.

Compounded Pharmacy Formulations. The compounded pharmaceutical and pharmacy industries are highly competitive. We compete against other registered outsourcing facilities, branded drug companies, generic drug companies, regional compounders that provide patient-specific compounding that decide to expand to 503B outsourcing, non-patient-specific compounding, large hospitals and integrated delivery networks, other compounding pharmacies, and new entrants to the industry. Many competitors that market and sell compounded preparations have longer operating histories and may have greater financial, marketing and other resources than we do. We are significantly smaller than some of such competitors, and we may lack the financial and other resources needed to develop, produce, distribute, market and commercialize any of USC's formulations or compete for market share in these sectors. These potential competitors could leverage existing resources and experience operating in industries that are subject to significant regulatory oversight in order to overcome certain barriers to entry. Consequently, competitors may be able to develop products and services competitive with, or superior to, USC's products and services. Furthermore, we may not be able to differentiate USC's compounded preparations and services from those of our competitors, successfully develop or introduce new services—on a timely basis or at all—that are less costly than those of our competitors or offer customers payment and other commercial terms as favorable as those offered by our competitors. We expect competition to intensify as technology advances, such as those in the field of robotics and automation, and consolidation continues. Also, new developments by pharmaceutical manufacturers, such as increasing the number of abbreviated new drug applications, to cover less frequently used drug formulations, could render some or many of USC's products or services obsolete. In addition, the drug products available through branded and generic drug companies with which USC's formulations compete have been approved for marketing and sale by the FDA and are required to be manufactured in facilities compliant with cGMP standards. USC's compounded formulations are not required to be, and have not been, approved for marketing and sale by the FDA. As a result, some physicians may be unwilling to prescribe, and some patients may be unwilling to use, USC's formulations. Increased competition could reduce revenue and gross profit and otherwise materially adversely affect our business, results of operations and financial condition.

Pharmaceutical technologies have undergone and continue to be subject to rapid and significant change. Our future success will depend in large part on our ability to maintain a competitive position with respect to these technologies. Products developed by our competitors, including FDA-approved drugs and compounded formulations created by other pharmacies and outsourcing facilities, could render USC's products and technologies obsolete or unable to compete effectively. Other competitive factors include the safety and efficacy of a product, the size of the market for a product, the timing of market entry relative to competitive products, the availability of alternative compounded formulations or approved drugs, the price of a product relative to alternative products, the availability of third-party reimbursement, the success of sales and marketing efforts, brand recognition and the availability of scientific and technical information about a product.

Intellectual Property

Our success will depend in large part on our ability to:

- obtain and maintain international and domestic patent and other legal protections for the proprietary technology, inventions and improvements we consider important to our business;
- prosecute and defend our patents;
- preserve our trade secrets; and
- operate without infringing the patents and proprietary rights of other parties.

We intend to continue to seek appropriate patent protection for product candidates in our research and development programs where applicable and their uses by filing patent applications in the United States and other selected countries. We intend for these patent applications to cover, where possible, claims for composition of matter, medical uses, processes for preparation and formulations. As of December 31, 2016, the Company had: (i) 11 issued patents in the United States and 10 pending applications, one of which has been allowed; (ii) 42 issued and 27 pending foreign patent applications, four of which has been allowed, relating to Epinephrine Injection, DPI and C31G. The issued patents and allowed patents applications expire between 2018 and 2041, not taking into account any potential patent-term extensions that may be available in the future.

Although we believe that our rights under patents and patent applications provide a competitive advantage, the patent positions of pharmaceutical and biotechnology companies are highly uncertain and involve complex legal and factual questions. We may not be able to develop patentable products or processes, and may not be able to obtain patents from pending applications. Even if patent claims are allowed, the claims may not issue, or in the event of issuance, may not be sufficient to protect the technology owned by or licensed to us. Any patents or patent rights that we obtain may be circumvented, challenged or invalidated by our competitors.

We also rely on trade secrets, proprietary know-how and continuing innovation to develop and maintain our competitive position, especially when we do not believe that patent protection is appropriate or can be obtained. We seek protection of these trade secrets, proprietary know-how and any continuing innovation, in part, through confidentiality and proprietary information agreements. However, these agreements may not provide meaningful protection for, or adequate remedies to protect, our technology in the event of unauthorized use or disclosure of information. Furthermore, our trade secrets may otherwise become known to, or be independently developed by, our competitors.

Government Regulation

Pharmaceutical Regulation

The marketing of any pharmaceutical products in the United States is subject to extensive government regulation. Likewise, if we seek to market and distribute any such products abroad, they would also be subject to extensive foreign government regulation.

In the United States, the FDA regulates pharmaceutical products. FDA regulations govern the testing, manufacturing, advertising, promotion, labeling, sale and distribution of pharmaceutical products, and generally require a rigorous process for the approval of new drugs. We also may be subject to foreign regulatory requirements governing clinical trials and drug product sales if products are tested or marketed abroad. The approval process outside the United States varies from jurisdiction to jurisdiction and the time required may be longer or shorter than that required for FDA approval.

Regulation in the United States

The FDA testing and approval process requires substantial time, effort and money. We cannot assure you that any of our products will ever obtain approval. Our potential products that require marketing approval by the FDA will be regulated as drugs. In the United States, drugs are subject to regulation under the FDCA. The statute and related regulations govern, among other things, testing, manufacturing, safety, efficacy, labeling, storage, record keeping, advertising, and other promotional practices. The FDA approval process for new drugs includes, without limitation:

- preclinical studies;
- submission of an Investigational New Drug application, or IND, for clinical trials;
- adequate and well-controlled human clinical trials to establish safety and efficacy of the product;
- review of a New Drug Application, or NDA; and
- inspection of the facilities used in the manufacturing of the drug to assess compliance with the FDA's current Good Manufacturing Practices, or cGMP, regulations.

Preclinical studies include laboratory evaluation of the product, as well as animal studies to assess the potential safety and effectiveness of the product. Most of these studies must be performed according to good laboratory practices, a system of management controls for laboratories and research organizations to ensure the consistency and reliability of results. The results of the preclinical studies, existing clinical and/or human use data (if applicable), together with manufacturing information and analytical data, are submitted to the FDA as part of an IND, which we are required to file before we can commence any clinical trials for our product candidates in the United States. Clinical trials may begin 30 days after an IND is received, unless the FDA raises concerns or questions about the conduct of the clinical trials. If concerns or questions are raised, an IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can proceed. We cannot assure you that submission of any additional IND for any of our preclinical product candidates will result in authorization to commence clinical trials.

Clinical trials involve the administration of the product candidate that is the subject of the trial to volunteers or patients under the supervision of a qualified principal investigator. Each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, at each institution at which the study will be conducted. The IRB will consider, among other things, ethical factors, safety of human subjects and the possible liability of the institution arising from the conduct of the proposed clinical trial. Also, clinical trials must be performed according to good clinical practices, which are enumerated in FDA regulations and guidance documents.

Clinical trials typically are conducted in sequential phases: Phases 1, 2 and 3. The phases may overlap. The FDA may require that we suspend clinical trials at any time on various grounds, including if the FDA makes a finding that the subjects participating in the trial are being exposed to an unacceptable health risk.

In Phase 1 clinical trials, a drug is usually tested on patients to determine safety, any adverse effects, proper dosage, absorption, metabolism, distribution, excretion and other drug effects.

In Phase 2 clinical trials, a drug is usually tested on a limited number of subjects to preliminarily evaluate the efficacy of the drug for specific, targeted indications, determine dosage tolerance and optimal dosage, and identify possible adverse effects and safety risks.

In Phase 3 clinical trials, a drug is usually tested on a larger number of subjects in an expanded patient population and at multiple clinical sites.

We cannot assure you that any of our current or future clinical trials will result in approval to market our products.

An NDA must include comprehensive and complete descriptions of the preclinical testing, clinical trials and the chemical, manufacturing and control requirements of a drug that enable the FDA to determine the drug's or biologic's safety and efficacy. An NDA must be submitted, filed and approved by the FDA before any drug product that we may successfully develop and that requires marketing approval by the FDA can be marketed commercially in the United States.

The facilities, procedures and operations for any of our contract manufacturers must be determined to be adequate by the FDA before product approval. Manufacturing facilities are subject to inspections by the FDA for compliance with cGMP, licensing specifications and other FDA regulations before and after an NDA has been approved. Foreign manufacturing facilities are also subject to periodic FDA inspections or inspections by foreign regulatory authorities. Among other things, the FDA may withhold approval of NDAs or other product applications if deficiencies are found at the facility. Vendors that may supply us with finished products or components used to manufacture, package and label products are also subject to similar regulations and periodic inspections.

In addition, the FDA imposes a number of complex regulatory requirements on entities that advertise and promote pharmaceuticals, including, but not limited to, standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities, and promotional activities involving the Internet.

Failure to comply with FDA and other governmental regulations can result in fines, unanticipated compliance expenditures, recall or seizure of products, total or partial suspension of production and/or distribution, suspension of the FDA's review of NDAs injunctions and criminal prosecution. Any of these actions could have a material adverse effect on us.

Once the FDA receives an NDA, it has 60 days to review the application to determine if it is substantially complete and the data is readable, before it accepts the NDA for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the submission to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality and purity.

Under the goals and policies agreed to by the FDA under PDUFA, the FDA agrees to specific goals for NDA review time through a two-tiered classification system, Priority Review and Standard Review. A Priority Review designation is given to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. For a Priority Review application, the FDA aims to complete the initial review cycle for New Molecular Entities, or NMEs, within six months of the 60 day filing date, and for non-NMEs within six months of the date of receipt. Standard Review applies to all applications that are not eligible for Priority Review. The FDA aims to complete Standard Review NDAs for NMEs within ten months of the 60 day filing date, and for Non-NMEs within ten months of the date of receipt. Such dates are often referred to as the PDUFA dates. The FDA does not always meet its PDUFA dates for either Standard Reviews or Priority Reviews of NDAs. The review process and the PDUFA date may be extended by three months if the FDA requests or the sponsor otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA date. In addition, the FDA's review processes can extend beyond, and in some cases significantly beyond, anticipated completion dates due to FDA requests for additional information or clarification, issuance of a complete response letter, difficulties scheduling an advisory committee meeting, negotiations regarding any required risk evaluation and mitigation strategies, FDA workload issues or other reasons. The FDA may refer the application to an advisory committee for review, evaluation and recommendation as to the application's approval. The amount of time taken for the approval process is a function of a number of variables, including whether the product has received priority review, the quality of the submission and studies presented, the potential contribution that the compound will make in improving the treatment of the disease in question, and the workload at the FDA.

The FDA may, during its review of an NDA, ask for additional test data or the conducting of additional clinical trials. If the FDA does ultimately approve the product, it may require post-marketing testing to monitor the safety and effectiveness of the product. In addition, the FDA may in some circumstances impose restrictions on the use of the product, which may be difficult and expensive to administer and may require prior approval of promotional materials.

Prior to regulatory approval, the FDA may elect to obtain advice from outside experts regarding scientific issues and/or marketing applications under FDA review. These outside experts are convened through the FDA's Advisory Committee process. An Advisory Committee will report to the FDA and make recommendations. Views of the Advisory Committee may differ from those of the FDA, and the FDA is not bound by the recommendations of an Advisory Committee.

Before approving an NDA, the FDA can inspect the facilities at which the product is manufactured. The FDA will not approve the submission unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure that the clinical studies were conducted in compliance with GCP requirements. If the FDA determines that the processes and procedures used are not acceptable, it will outline the deficiencies in the submission and often will request additional clinical testing or information before an NDA can be approved. The FDA may also inspect one or more of the preclinical toxicology research sites to assure that the preclinical studies were conducted in compliance with GLP requirements. If the FDA determines that the studies were not performed in compliance with applicable GLP rules and regulations, the FDA may request additional preclinical testing or information before an NDA can be approved.

The FDA will issue a complete response letter if the agency decides not to approve the NDA. The complete response letter describes all of the specific deficiencies in the submission identified by the FDA. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. If a complete response letter is issued, the applicant may resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post marketing studies, sometimes referred to as Phase 4 testing, which involves clinical trials designed to further assess drug safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. After approval, certain changes to the approved drug or biologic, such as adding new indications, manufacturing changes or additional labeling claims, are subject to further FDA review and approval. Depending on the nature of the change proposed, an NDA supplement must be filed and approved before the change may be implemented. For many proposed post-approval changes to an NDA, the FDA review period can be lengthy and is often significantly extended by FDA requests for additional information or clarification.

Following receipt of regulatory approval, any products that we market continue to be subject to extensive regulation including, among other things, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product storage, sampling and distribution requirements, complying with certain electronic records and signature requirements, complying with FDA promotion and advertising requirements, which include, among others, restrictions on direct-to-consumer advertising, promoting biologics for uses or in patient populations that are not described in the product's approved labeling, known as "off-label" use, and requirements relating to industry-sponsored scientific and educational activities and promotional activities involving the internet. These regulations impact many aspects of our operations, including the manufacture, labeling, packaging, adverse event reporting, storage, distribution, advertising, promotion and record keeping related to the products. The FDA also frequently requires post-marketing testing and surveillance to monitor the effects of approved products or places conditions on any approvals that could restrict the commercial applications of these products. If we fail to comply with applicable regulatory requirements, we may be subject to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, disgorgement of money, operating restrictions and criminal prosecution.

In addition to FDA restrictions on marketing of pharmaceutical products, several other types of state and federal laws have been applied to restrict certain marketing practices in the pharmaceutical industry in recent years. These laws include anti-kickback statutes and false claims statutes. The federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce or in return for purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other. Violations of the anti-kickback statute are punishable by imprisonment, criminal fines, civil monetary penalties and exclusion from participation in federal healthcare programs. Although there are a number of statutory exemptions and regulatory safe harbors protecting certain common activities from prosecution or other regulatory sanctions, the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exemption or safe harbor.

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to have a false claim paid. Several pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly inflating drug prices they report to pricing services, which in turn are used by the government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. Many states also have statutes or regulations similar to the federal anti-kickback law and false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment.

The Patient Protection and Affordable Care Act, or PPACA, enacted in 2010, imposes new reporting and disclosure requirements for pharmaceutical and device manufacturers with regard to payments or other transfers of value made to physicians and teaching hospitals. In addition, pharmaceutical and device manufacturers will also be required to report and disclose investment interests held by physicians and their immediate family members during the preceding calendar year. Failure to submit required information may result in civil monetary penalties for payments, transfers of value or ownership or investment interests not reported in an annual submission. The reforms imposed by the PPACA will significantly impact the pharmaceutical industry; however, the full effects of the new law cannot be known until these provisions are implemented. In addition, although the PPACA was upheld by the U.S. Supreme Court, it is possible that the PPACA may be modified or repealed in the future.

If not preempted by this federal law, several states require pharmaceutical companies to report expenses relating to the marketing and promotion of pharmaceutical products and to report gifts and payments to individual physicians in the states. Other states prohibit providing various other marketing related activities. Still other states require the posting of information relating to clinical studies and their outcomes. In addition, certain states require pharmaceutical companies to implement compliance programs or marketing codes. Currently, several additional states are considering similar proposals. Compliance with these laws is difficult and time consuming, and companies that do not comply with these state laws face civil penalties. If in the future some of our business activities were subject to challenge under one or more of such laws, an adverse outcome could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition, as part of the sales and marketing process, pharmaceutical companies frequently provide samples of approved drugs to physicians. This practice is regulated by the FDA and other governmental authorities, including, in particular, requirements concerning record keeping and control procedures. Any failure to comply with the regulations may result in significant criminal and civil penalties as well as damage to our credibility in the marketplace.

The FDA closely regulates the post-approval marketing and promotion of drugs. While physicians may choose to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those tested in clinical studies and approved by the regulatory authorities, our ability to promote the products is limited to those indications that are specifically approved by the FDA. These "off-label" uses are not unusual across certain medical specialties and may constitute an appropriate treatment for many patients in varied circumstances. Regulatory authorities in the U.S. generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies on the subject of off-label use. If our promotional activities fail to comply with these regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow FDA rules and guidelines relating to promotion and advertising may cause the FDA to delay its approval or refuse to approve a product, suspend or withdraw of an approved product from the market, and could result in other consequences such as recalls, fines, disgorgement of money, operating restrictions, injunctions, civil or criminal prosecution or penalties, or other possible legal or regulatory actions, such as warning letters, suspension of manufacturing, seizure of product, mandated corrective advertising or communications with healthcare professionals, or criminal penalties or other negative consequences, including adverse publicity. Any of these consequences could harm our business.

We will rely, and expect to continue to rely, on third-parties for the production of clinical and commercial quantities of our products. Our collaborators may also utilize third-parties for some or all of a product we are developing with such collaborator. Manufacturers are required to comply with applicable FDA manufacturing requirements contained in the FDA's cGMP regulations. cGMP regulations require among other things, quality control and quality assurance as well as the corresponding maintenance of records and documentation. Drug manufacturers and other entities involved in the manufacture and distribution of approved biologics are required to register their establishments with the FDA and certain state agencies and are subject to periodic inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance.

Section 505(b)(2) New Drug Applications

Most drug products obtain FDA marketing approval pursuant to a Section 505(b)(1) NDA filing or an Abbreviated NDA, or ANDA. An alternative is a special type of NDA, commonly referred to as a Section 505(b)(2) NDA, which enables the applicant to rely, in part, on the FDA's findings of safety and efficacy of an existing product, or published literature, in support of its application. Section 505(b)(2) NDAs often provide an alternate path to FDA approval for new or improved formulations or new uses of previously approved products. Section 505(b)(2) permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by or for the applicant and for which the applicant has not obtained a right of reference. The applicant may rely upon the FDA's findings with respect to certain pre-clinical or clinical studies conducted for an approved product. The FDA may also require companies to perform additional studies or measurements to support the change from the approved product. The FDA may then approve the new product candidate for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant.

In seeking approval for a drug through an NDA, applicants are required to list with the FDA each patent whose claims cover the applicant's product or a method of using the product. Upon approval of a drug, each of the patents listed in the application for the drug is then published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. For some drugs, the FDA may require risk evaluation and mitigation strategies, or REMS, which could include medication guides, physician communication plans, or restrictions on distribution and use, such as limitations on who may prescribe the drug or where it may be dispensed or administered.

To the extent that a Section 505(b)(2) NDA relies on clinical trials conducted for a previously approved drug product or the FDA's prior findings of safety and effectiveness for a previously approved drug product, the Section 505(b)(2) applicant must submit patent certifications in its Section 505(b)(2) application with respect to any patents for the previously approved product on which the applicant's application relies that are listed in the Orange Book. Specifically, the applicant must certify for each listed patent that, in relevant part, (1) the required patent information has not been filed; (2) the listed patent has expired; (3) the listed patent has not expired, but will expire on a particular date and approval is not sought until after patent expiration; or (4) the listed patent is invalid, unenforceable or will not be infringed by the proposed new product. A certification that the new product will not infringe the previously approved product's listed patent or that such patent is invalid or unenforceable is known as a Paragraph IV certification. If the applicant does not challenge one or more listed patents through a Paragraph IV certification, the FDA will not approve the Section 505(b)(2) NDA application until all the listed patents claiming the referenced product have expired. Further, the FDA will also not approve, as applicable, a Section 505(b)(2) NDA application until any non-patent exclusivity, such as, for example, five-year exclusivity for obtaining approval of a new chemical entity, three year exclusivity for an approval based on new clinical trials, or pediatric exclusivity, listed in the Orange Book for the referenced product, has expired.

If the Section 505(b)(2) NDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the owner of the referenced NDA for the previously approved product and relevant patent holders within 20 days after the Section 505(b)(2) NDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement suit against the Section 505(b)(2) applicant. Under the FDCA, the filing of a patent infringement lawsuit within 45 days of receipt of the notification regarding a Paragraph IV certification automatically prevents the FDA from approving the Section 505(b)(2) NDA until the earliest to occur of 30 months beginning on the date the patent holder receives notice, expiration of the patent, settlement of the lawsuit, or until a court deems the patent unenforceable, invalid or not infringed. Even if a patent infringement claim is not brought within the 45-day period, a patent infringement claim may be brought under traditional patent law, but it does not invoke the 30-month stay. Moreover, in cases where a Section 505(b)(2) application containing a Paragraph IV certification is submitted after the fourth year of a previously approved drug's five year exclusivity period and the patent holder brings suit within 45 days of notice of certification, the 30-month period is automatically extended to prevent approval of the Section 505(b)(2) application until the date that is seven and one-half years after approval of the previously approved reference product. The court also has the ability to shorten or lengthen either the 30 month or the seven and one-half year period if either party is found not to be reasonably cooperating in expediting the litigation.

As a result, we may invest a significant amount of time and expense in the development of a product and our Section 505(b)(2) applications only to be subject to significant delay and patent litigation before our product may be commercialized. Alternatively, if the prior NDA applicant or relevant patent holder does not file a patent infringement lawsuit within the specified 45-day period, the FDA may approve the Section 505(b)(2) application at any time, assuming the application is otherwise approvable.

Notwithstanding the approval of many products by the FDA pursuant to Section 505(b)(2), over the last few years, some pharmaceutical companies and others have objected to the FDA's interpretation of Section 505(b)(2). If the FDA changes its interpretation of Section 505(b)(2), or if the FDA's interpretation is successfully challenged in court, this could delay or even prevent the FDA from approving any Section 505(b)(2) NDA that we submit.

We intend to pursue a Section 505(b)(2) regulatory filing in connection with our Epinephrine PFS product, APC-1000 and Fluticasone and Albuterol DPI products and product candidates. Accordingly, if we rely in our regulatory filing on clinical trials conducted, or the FDA's prior findings of safety and effectiveness, for a previously approved drug product that involves patents referenced in the Orange Book, then we will need to make the patent certifications or the Paragraph IV certification described above. If we make a Paragraph IV certification and the holder of the previously approved product that we referenced in our application initiates patent litigation within the time periods described above, then we will be subject to the risks of patent litigation, with the accompanying delay described above and potentially material expense of patent litigation, before we could commercially market our product.

In addition, even if we submit a 505(b)(2) application, such as we have submitted for the Epinephrine PFS product and as we may submit for other future products, that relies on clinical trials conducted for a previously approved product where there are no patents for such other product with respect to which we have to provide certifications, we are subject to the risk that the FDA could disagree with our reliance on the particular previously approved product that we chose to rely on, conclude that such previously approved product is not an acceptable reference product, and require us instead to reference another previously approved product that involves patents referenced in the Orange Book, requiring us to make the certifications described above and subjecting us to the risks of delay and expense described above.

Abbreviated New Drug Applications

In contrast to the kind of clinical trial and other data that is required for an NDA submitted pursuant to Section 505(b)(1) of the FDCA, an Abbreviated New Drug Application, or ANDA, contains data that, when submitted to the FDA pursuant to Section 505(j) of the FDCA, provides for the review and ultimate approval of a product commonly referred to as a "generic equivalent" or a "generic" drug product. These kinds of drug applications are called "abbreviated" because ANDA applicants are generally not required to conduct or submit preclinical (animal) and clinical (human) data to establish safety and effectiveness of their product, other than the requirement for bioequivalence testing. Instead, a generic applicant must scientifically demonstrate that its product is bioequivalent, that is, that the product performs in the same manner as the listed drug. For locally acting inhaled products, we believe that demonstration of bioequivalency in most cases will require human clinical studies that demonstrate that the generic product performs in the same manner as the listed drug. An ANDA provides for marketing of a drug product that has the same active ingredients in the same strengths and dosage form as the listed drug and has been shown through bioequivalence testing to be therapeutically equivalent to the listed drug. Drugs approved in this way are commonly referred to as "generic equivalents" to the listed drug, and can often be substituted by pharmacists under prescriptions written for the original listed drug.

In seeking approval for a drug through an NDA, applicants are required to list with the FDA each patent with claims that cover the applicant's product. Upon approval of a drug, each of the patents listed in the application for the drug is then published in the Orange Book. Drugs listed in the Orange Book can, in turn, be cited by potential competitors in support of approval of an ANDA. The ANDA applicant is required to certify to the FDA concerning any patents listed for the approved product in the FDA's Orange Book, in a manner generally similar to the certifications that are required in connection with Section 505(b)(2) regulatory filings as described above. As with Section 505(b)(2) regulatory filings, if the applicant does not challenge the listed patents, the ANDA application will not be approved until all the listed patents claiming the referenced product have expired.

If the ANDA applicant has provided a Paragraph IV certification to the FDA, then the procedures described above in connection with Section 505(b)(2) regulatory filings also apply, and the risks of the patent holder initiating a patent infringement lawsuit as described above also apply. The ANDA application also will not be approved until any non-patent exclusivity, such as exclusivity for obtaining approval of a new chemical entity, listed in the Orange Book for the referenced product has expired. Federal law provides a period of five years following approval of a drug containing no previously approved active ingredients, during which ANDAs for generic versions of those drugs cannot be submitted unless the submission contains a Paragraph IV challenge to a listed patent, in which case the submission may be made four years following the original product approval. Federal law provides for a period of three years of exclusivity following approval of a listed drug that contains previously approved active ingredients, but is approved in a new dosage form, route of administration or combination, or for a new use, the approval of which was required to be supported by new clinical trials conducted by or for the sponsor, during which FDA cannot grant effective approval of an ANDA based on that listed drug.

Regulation Outside the United States

If we market our products in foreign countries, we also will be subject to foreign regulatory requirements governing human clinical trials and marketing approval for pharmaceutical products. The requirements governing the conduct of clinical trials, product approval, pricing and reimbursement vary widely from country to country. Whether or not FDA approval has been obtained, approval of a product by the comparable regulatory authorities of foreign countries must be obtained before manufacturing or marketing the product in those countries. The approval process varies from country to country and the time required for such approvals may differ substantially from that required for FDA approval. There is no assurance that any future FDA approval of any of our clinical trials or drugs will result in similar foreign approvals or vice versa.

Additional Regulation

Third-Party Reimbursement

In the United States, physicians, hospitals and other healthcare providers that purchase pharmaceutical products generally rely on third-party payors, principally private health insurance plans, Medicare and, to a lesser extent, Medicaid, to reimburse all or part of the cost of the product and procedure for which the product is being used. Even if a product is approved for marketing by the FDA, there is no assurance that third-party payors will cover the cost of the product and related medical procedures. If they do not, end-users of the drug would not be eligible for any reimbursement of the cost, and our ability to successfully market any such drug would be materially and adversely impacted.

Reimbursement systems in international markets vary significantly by country and, within some countries, by region. Reimbursement approvals must be obtained on a country-by-country basis. In many foreign markets, including markets in which we hope to sell our products, the pricing of prescription pharmaceuticals is subject to government pricing control. In these markets, once marketing approval is received, pricing negotiations could take significant additional time. As in the United States, the lack of satisfactory reimbursement or inadequate government pricing of any of our products would limit their widespread use and lower potential product revenues.

Fraud and Abuse Laws

Federal and state anti-kickback and anti-fraud and abuse laws, as well as the federal Civil False Claims Act may apply to certain drug and device research and marketing practices. The Civil False Claims Act prohibits knowingly presenting or causing to be presented a false, fictitious or fraudulent claim for payment to the United States. Actions under the Civil False Claims Act may be brought by the Attorney General or by a private individual acting as an informer or whistleblower in the name of the government. Violations of the Civil False Claims Act can result in significant monetary penalties. The federal government is using the Civil False Claims Act, and the threat of significant liability, in its investigations of healthcare providers, suppliers and drug and device manufacturers throughout the country for a wide variety of drug and device marketing and research practices, and has obtained multi-million dollar settlements. The federal government may continue to devote substantial resources toward investigating healthcare providers', suppliers' and drug and device manufacturers' compliance with the Civil False Claims Act and other fraud and abuse laws. We may have to expend significant financial resources and management attention if we ever become the focus of such an investigation, even if we are not guilty of any wrong doing.

HIPAA

We may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. The Health Insurance Portability and Accountability Act of 1996, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, addresses the privacy and transmission of individually identifiable health information and, among other things, requires the use of standard transactions, privacy and security standards and other administrative simplification provisions, by covered entities which include many healthcare providers, health plans and healthcare clearinghouses. HIPAA instructs the Secretary of the Department of Health and Human Services to promulgate regulations implementing these standards in the United States. HITECH makes HIPAA's privacy and security standards directly applicable to business associates, such as independent contractors or agents of covered entities, that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. Material monetary penalties and other remedies can result from violation of these laws and regulations. In addition, many state laws also address the privacy and security of health information, and many of these laws differ from each other in significant ways, thus complicating compliance efforts.

Other Laws

We are also subject to other federal, state and local laws of general applicability, such as laws regulating working conditions, and various federal, state and local environmental protection laws and regulations, including laws such as the Occupational Safety and Health Act, the Environmental Protection Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other similar federal and state laws regarding, among other things, occupational safety, the use and handling of radioisotopes, environmental protection and hazardous substance control. Although as of the date of this Report we have not been required to take any action to correct any noncompliance, there can be no assurance that we will not be required to incur significant costs to comply with environmental and health and safety regulations in the future. Our research and development activities may involve the controlled use of hazardous materials, including chemicals that cause cancer, volatile solvents, radioactive materials and biological materials that have the potential to transmit disease, and our operations may produce hazardous waste products. If we fail to comply with these laws and regulations we could be subjected to criminal sanctions and substantial financial liability or be required to suspend or modify our operations. We cannot completely eliminate the risk of accidental contamination or injury from these materials. In the event of contamination or injury, we could be held liable for damages or penalized with fines in an amount exceeding our resources.

In addition, as an owner and operator of real property, we may also be subject to liability for environmental investigations and cleanups, including at properties currently or previously owned or operated by us, even if such contamination was not caused by us, as well as to claims for harm to health or property or for natural resource damages arising out of contamination or exposure to hazardous substances. Liability in many situations may be imposed not only without regard to fault, but may also be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire share. We may also be subject to similar liabilities and claims in connection with locations at which hazardous substances or wastes that has generated have been stored, treated, otherwise managed or disposed. The costs of complying with, or other impact of, current or future environmental, health and safety requirements could adversely affect our business, financial condition and results of operations.

Pharmacy Regulation

Our compounding pharmacy business conducted by USC is subject to federal, state and local laws, regulations, and administrative practices, including, among others: federal, state and local licensure and registration requirements concerning the operation of pharmacies and the practice of pharmacy; HIPAA; PPACA and the Health Care and Education Reconciliation Act of 2012, collectively referred to as the Health Reform Law; statutes and regulations of the FDA and the U.S. Drug Enforcement Administration, or DEA; and state laws and regulations promulgated by comparable state agencies concerning the sale, advertisement and promotion of the compounded formulations that USC sells. Below are descriptions of some of the various federal and state laws and regulations which may govern or impact USC's operations.

USC's pharmacy operations are regulated by both individual states and the federal government. Every state has laws and regulations addressing pharmacy operations, including regulations relating specifically to compounding pharmacy operations. These regulations generally include licensing requirements for pharmacists, pharmacy technicians and pharmacies, as well as regulations related to compounding processes, safety protocols, purity, sterility, storage, controlled substances, recordkeeping and regular inspections, among other things. State rules and regulations are updated periodically, generally under the jurisdiction of individual state boards of pharmacy. Failure to comply with the state pharmacy regulations of a particular state could result in a pharmacy being prohibited from operating in that state, financial penalties and/or becoming subject to additional oversight from that state's board of pharmacy. In addition, many states are considering imposing, or have already begun to impose, more stringent requirements on compounding pharmacies. If USC's pharmacy operations become subject to additional licensure requirements, are unable to maintain their required licenses or if states place burdensome restrictions or limitations on pharmacies, its ability to operate in some states could be limited.

Most of the states into which USC delivers its formulations have laws and regulations that require out-of-state pharmacies to register with, or be licensed by, the boards of pharmacy or similar regulatory bodies in those states. These states generally permit the dispensing pharmacy to follow the laws of the state within which the dispensing pharmacy is located. However, various state pharmacy boards have enacted laws and/or adopted rules or regulations directed at restricting or prohibiting the operation of out-of-state pharmacies by, among other things, requiring compliance with all laws of the states into which the out-of-state pharmacy dispenses or distributes medications, whether or not those laws conflict with the laws of the state in which the pharmacy is located, or requiring the pharmacist-in-charge to be licensed in that state.

The DQSA also contained new Section 503B of the FDCA, which established an outsourcing facility as a new form of entity that is permitted to compound large quantities of drug formulations without a prescription, thus permitting the practice of anticipatory compounding, and distribute them out of state without limitation, if the drug formulations appear on the FDA's drug shortage list or the bulk drug substances contained in the formulations appear on a list to be established by the FDA. Entities voluntarily registering as outsourcing facilities are subject to cGMP requirements and regular FDA inspection, among other requirements. USC currently operates as a 503B outsourcing facility and cannot predict when FDA will issue, finalize, or enforce new guidance documents that affect our business practices. Several guidance documents from FDA are currently in draft form, which does not preclude them from being enforceable by FDA, and USC cannot predict or control when Final Guidance might be issued or if any changes from draft versions will be introduced.

USC may in the future separate a portion of its business activities into 503A prescriptions dispensed to individual patients and 503B compounds distributed to facilities and practitioners without a specific patient identified. In December 2016, FDA issued Final Guidance for Industry entitled "Prescription Requirement Under Section 503A of the Federal Food, Drug, & Cosmetic Act." This guidance document outlines that traditional 503A pharmacies can only dispense prescriptions pursuant to receipt of a valid prescription for a specifically identified individual patient. This December 2016 Guidance, in combination with the August 2015 Final Guidance for Industry "For Entities Considering Whether to Register as Outsourcing Facilities Under Section 503B of the Federal Food, Drug, & Cosmetic Act," effectively makes compounding prescriptions for individual patients impractical as a 503B Outsourcing Facility and requires separate physical locations for 503A and 503B operations. Compounding individual prescriptions without compliance with current Good Manufacturing Practices is considered a violation of Section 503B of the Federal Food, Drug, & Cosmetic Act and increases the risk for observations of non-compliance upon inspection.

Confidentiality, Privacy and HIPAA

USC's pharmacy operations involve the receipt, use and disclosure of confidential medical, pharmacy and other health-related information. The federal privacy regulations under HIPAA are designed to protect the medical information of a healthcare patient or health plan enrollee that could be used to identify the individual. Among other things, HIPAA limits certain uses and disclosures of protected health information and requires compliance with federal security regulations regarding the storage, utilization and transmission of and access to electronic protected health information. The requirements imposed by HIPAA are extensive. In addition, most states have enacted privacy and security laws that protect identifiable patient information that is not health-related.

Medicare Reimbursement

Medicare is a federally funded program that provides health insurance coverage for qualified persons age 65 or older and for some disabled persons with certain specific conditions. Currently, most of USC's formulations are sold in cash transactions and a small percentage of USC's prescriptions are billed to Medicare and other third parties prescription benefits managers. Many third-party payors have imposed significant restrictions on reimbursement for compounded formulations in recent years. Moreover, third-party payors, including Medicare, are increasingly attempting to contain health care costs by limiting coverage and the level of reimbursement for new drugs and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted labeling approval. Further, the Health Reform Law may have a considerable impact on the existing U.S. system for the delivery and financing of health care and could conceivably adversely affect USC's business. As a result, reimbursement from Medicare and other third-party payors may never be available for any of USC's products or, if available, may not be sufficient to allow USC to sell the products on a competitive basis and at desirable price points.

To the extent that USC obtains third-party reimbursement for its compounded formulations, it may become subject to Medicare, and other publicly financed health benefit plan regulations prohibiting kickbacks, beneficiary inducement and the submission of false claims.

Food and Drug Administration

As a human drug compounding outsourcing facility, USC is registered with, and regulated by, the FDA under the FDCA. In particular, the DQSA, which sets forth standards applicable to compounding outsourcing facilities such as USC's, was enacted in November 2013, creating a new Section 503B in the FDCA, under which a compounder can voluntarily register as an outsourcing facility. USC has registered as an outsourcing facility.

In July 2014, the FDA issued a draft guidance entitled: *Industry Current Good Manufacturing Practice—Interim Guidance for Human Drug Compounding Outsourcing Facilities Under Section 503B of the FD&C Act*. According to the FDA, this "interim guidance describes the FDA's expectations regarding compliance with [cGMP] requirements" for Section 503B compounding facilities. The guidance also notes that the FDA intends to promulgate more specific cGMP regulations for such facilities, but that until "final regulations are promulgated, this guidance describes the FDA's expectations" regarding outsourcing facility compliance with cGMP requirements for drugs during the interim period. We cannot predict when the guidance will be finalized.

In June 2016, the FDA issued guidance entitled: "Interim Policy on Compounding Using Bulk Drug Substances Under Section 503B of the Federal Food, Drug, and Cosmetic Act – Guidance for Industry." According to the FDA, this guidance sets forth the FDA's interim regulatory policy concerning compounding by outsourcing facilities registered under section 503B of the FDCA using bulk drug substances. Section 503B of the FDCA includes certain restrictions on the bulk drug substances that outsourcing facilities can use in compounding and directs the FDA to develop a list of bulk drug substances that can be used in compounding under that section. The FDA is developing that list of bulk drug substances, and this guidance describes the FDA's interim regulatory policy regarding outsourcing facilities that compound human drug products using bulk drug substances while the list is being developed.

Compounding outsourcing facilities have historically been subject to FDA inspections on an irregular basis and are now subject to FDA inspections on a risk-based schedule in accordance with DQSA Section 503B(b)(4). Observations by the FDA of potentially violative conditions during inspections are required to be reported to facility management at the close of the inspection on FDA Form 483. It is common for such reports to be provided in connection with inspections of compounding outsourcing facilities, and observations may be further followed by Warning Letters and other enforcement actions as the FDA deems warranted. As described elsewhere under the heading "Business of U.S. Compounding, Inc. – Overview – Regulatory Matters," USC has received Form 483 observations in the past following FDA facility inspections, including in 2014, 2015, and 2016. Following the August 2015 Form 483

observations, USC temporarily suspended production of sterile products and voluntarily recalled all lots of sterile products aseptically compounded and packaged by USC that remained within expiry, due to the FDA's concern over a lack of sterility assurance. Issuance of a Form 483 from FDA has potential to sequelae into additional regulatory restrictions from the various State Boards of Pharmacy that could limit business in those states on a temporary or permanent basis.

Drug Enforcement Administration

USC maintains registrations with the DEA that enables USC to receive, manufacture, store and distribute controlled substances. Controlled substances are those drugs that appear on one of five schedules promulgated and administered by the DEA under the Controlled Substances Act, or CSA. DEA drug scheduling is based on the potential for abuse. Laws enforced by the DEA, as well as similar state agencies, require each location that handles controlled substances to separately register.

The CSA governs, among other things, the distribution, recordkeeping, handling, security and disposal of controlled substances. USC's compounding outsourcing facilities that handle controlled substances are subject to periodic and ongoing inspections by the DEA and similar state drug enforcement authorities to assess ongoing compliance with DEA and state controlled substances regulations.

Procurement quota requirements imposed by the DEA on USC's purchases of materials containing controlled substances necessitate regular applications to the DEA for permission to purchase materials essential to the production of many of USC's CSPs. Any inability to obtain authorization from the DEA to procure controlled drugs for use in USC's business could adversely affect our business, financial condition and results of operations.

Environmental and Other Matters

USC is or may become subject to environmental laws and regulations governing, among other things, any use and disposal by USC of hazardous or potentially hazardous substances in connection with research and preparation of compounded formulations. USC is subject to work safety and labor laws that govern certain of its operations and employee relations. In each of these areas, as above, the FDA and other government agencies have broad regulatory and enforcement powers, including, among other things, the ability to levy fines and civil penalties, suspend or delay issuance of approvals, licenses or permits, seize or recall products, and withdraw approvals, any one or more of which could have a material adverse effect on our business, financial condition and results of operations.

License Agreements

Agreement Relating to Dry Powder Inhaler or DPI

On August 1, 2013, we entered into an agreement with 3M Company to exclusively license and, upon final payment acquire, assets relating to 3M Company's patented Taper dry powder inhaler, or DPI, technology under development by 3M for the treatment of respiratory diseases. Pursuant to the agreement, we made an initial payment of $3.0 million to 3M and acquired an exclusive license to the assets for all indications in the dry powder inhalation field through December 31, 2013, and on December 27, 2013, we made a final payment to 3M of $7.0 million and the assets were transferred to us, with Adamis granting back to 3M a license to the intellectual property assets outside of the dry powder inhalation field. The intellectual property includes patents, patent applications and other intellectual property relating to the assets. The agreement includes certain other customary provisions, including representations and warranties, warranty disclaimers and indemnification provisions. We intend to utilize the assets initially to develop a pre-metered inhaler device, referred to as DPI, for the treatment of respiratory diseases.

The design of the DPI uses proprietary 3M technology to store the active pharmaceutical ingredients on a microstructured carrier tape. Under the agreement, 3M and Adamis have agreed to work in good faith to negotiate and enter into a separate supply agreement providing for the supply of the drug delivery tape to be used with the product.

License Agreement Relating to Vaccine Technologies

On July 28, 2006, for consideration consisting of shares of our common stock and a $55,000 initial license fee, we entered into a worldwide exclusive license agreement with Nevagen, LLC, to utilize technology held by Nevagen within the field of viral infectious agents. The licensed intellectual property includes the use of the technology known as "Transgenic Lymphocyte Technology" covered by certain U.S. and foreign patents and patent applications. The license will terminate with the expiration of the U.S. patent for the intellectual property.

The agreement provides for the payments to Nevagen upon reaching specified milestones in product development and product royalties based on net sales of covered products. Adamis and Nevagen have the right to sublicense with written permission of the other party. In the event that Nevagen sublicenses or sells the improved technology to a third party, then a portion of the total payments, to be decided by mutual agreement, will be due to us. If we sublicense the intellectual property to a third party, certain royalties and other amounts are payable to Nevagen. No milestone or royalties payments have been made and we do not anticipate that milestone or royalty payments will be made in the future.

We have the right to terminate the agreement if it is determined that no viable product can come from the licensed technology. Upon such termination, we would be required to transfer and assign to Nevagen all filings, rights and other information in our control. We would retain the same royalty rights for license, or sublicense, agreements if the technology is later developed into a product. Either party may terminate the license agreement in the event of a material breach of the agreement by the other party that has not been cured or corrected within 90 days of notice of the breach. We currently do not intend to devote significant financial resources to develop the technology that is the subject of this agreement.

Employees

As of December 31, 2016, we had 14 full-time employees and two part-time employees; and USC, our wholly owned subsidiary had 79 full-time employees and 16 part-time employees. None of our employees is subject to a collective bargaining agreement or represented by a labor or trade union, and we believe that our relations with our employees are good.

Corporate Background

Adamis Pharmaceuticals Corporation was founded in June 2006 as a Delaware corporation. Effective April 1, 2009, the company formerly named Adamis Pharmaceuticals Corporation, or Old Adamis, completed a business combination transaction with Cellegy Pharmaceuticals, Inc., or Cellegy. Before the merger, Cellegy was a public company and Old Adamis was a private company. In connection with the consummation of the merger and pursuant to the terms of the definitive merger agreement relating to the transaction, Cellegy was the surviving corporation in the merger and changed its name from Cellegy Pharmaceuticals, Inc. to Adamis Pharmaceuticals Corporation, and Old Adamis survived as a wholly-owned subsidiary and changed its corporate name to Adamis Corporation. We have three wholly-owned subsidiaries: Adamis Corporation, USC and Biosyn, Inc.

On April 11, 2016, we completed the acquisition of USC, pursuant to the terms of an Agreement and Plan of Merger dated March 28, 2016. Pursuant to the terms of the merger agreement, a new-created wholly-owned subsidiary merged with and into USC, with USC surviving as a wholly owned subsidiary of the Company.

Our principal executive offices are located at 11682 El Camino Real, Suite 300, San Diego, CA 92130, and our telephone number is (858) 997-2400. Our website address is: www.adamispharmaceuticals.com. We have included our website address as a factual reference and do not intend it to be an active link to our website.

ITEM 1A. RISK FACTORS

You should consider carefully the following information about the risks described below, together with the other information contained in this Annual Report on Form 10-K and in our other public filings in evaluating our business. Our business, financial condition, results of operations and future prospects could be materially and adversely affected by these risks if any of them actually occurs. In these circumstances, the market price of our common stock would likely decline. The risks and uncertainties described below are not the only ones we face. Additional risks not currently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business.

Risks Related to Our Business, Industry and Financial Condition

We may never commercialize any of our product candidates that are subject to regulatory approval or earn a profit. There is no assurance that the FDA will grant marketing approval for our Epinephrine PFS product candidate.

We have not received regulatory approval for any drugs or products. Since our fiscal 2010 year, except for revenues from sales of compounded pharmacy formulations after our acquisition of USC in 2016, we have not generated commercial revenue from marketing or selling any drugs or other products. We expect to incur substantial net losses for the foreseeable future to further develop and commercialize our product candidates and technologies and support our operations. We may never be able to commercialize any of our product candidates that are subject to regulatory approval or be able to generate revenue from sales of such products. Because of the risks and uncertainties associated with developing and commercializing our specialty pharmaceuticals and other product candidates, we are unable to predict when we may commercially introduce such products, the extent of any future losses or when we will become profitable, if ever. We may never successfully commercialize our product candidates that are subject to regulatory approval, and our business may fail.

On December 16, 2016, we resubmitted to the FDA our NDA relating to our Epinephrine PFS product for the emergency treatment of anaphylaxis. The FDA accepted the resubmitted NDA for review and, pursuant to the Prescription Drug User Fee Act, provided us with an agency goal action date of six months from date of receipt, for the agency's response to the resubmission. However, there are no assurances that the FDA will grant marketing approval for our Epinephrine PFS product by such date, or at all. The FDA's review processes can extend beyond, and in some cases significantly beyond, anticipated completion dates due to the timing of the FDA's review process, issuance by the FDA of a Complete Response Letter, FDA requests for additional data, information, materials or clarification, difficulties scheduling an advisory committee meeting, FDA workload issues, extensions resulting from the submission of additional information or clarification regarding information already in the submission within the last three months of the target PDUFA date, or other reasons. Failure of the FDA to grant marketing approval for our Epinephrine PFS product could have a material adverse effect on our business, financial conditions, results of operations and the market price of our common stock.

Our auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain further financing.

Our audited financial statements for the year ended December 31, 2016, were prepared under the assumption that we would continue our operations as a going concern. Our independent registered public accounting firm has included a "going concern" explanatory paragraph in its report on our financial statements for the year ended December 31, 2016, indicating that we have sustained substantial losses from continuing operations and have used, rather than provided, cash in our continuing operations, and that these factors raise substantial doubt about our ability to continue as a going concern. Uncertainty concerning our ability to continue as a going concern may hinder our ability to obtain future financing. Continued operations and our ability to continue as a going concern are dependent on our ability to obtain additional funding in the near future and thereafter, and there are no assurances that such funding will be available at all or will be available in sufficient amounts or on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. Without additional funds from debt or equity financings, sales of assets, sales or out-licenses of intellectual property or technologies, or other transactions or sources, we will exhaust our resources and will be unable to continue operations. If we cannot continue as a viable entity, our stockholders would likely lose most or all of their investment in us.

We will require additional financing to continue as a going concern.

We incurred a net loss of approximately $19.4 million for the year ended December 31, 2016, and a net loss of approximately $13.6 million for the year ended December 31, 2015. At December 31, 2016, we had cash and cash equivalents of approximately $5.1 million, including approximately $1 million in restricted cash, accounts receivable of approximately $0.8 million and liabilities of approximately $12.5 million. The development of our business will require substantial additional capital in the future to commercialize our Epinephrine PFS product if it is approved by the FDA, proceed with development of the Fluticasone and Albuterol DPI, and APC-1000 products, and conduct research and development of other product candidates, as well as to fund our ongoing operations at USC and satisfy our obligations and liabilities. We have historically relied upon sales of our equity or debt securities to fund our operations. We currently have no available balance in our credit facility or committed sources of capital. Delays in obtaining funding could adversely affect our ability to develop and commercially introduce products and cause us to be unable to comply with our obligations under outstanding instruments.

Our ability to obtain additional financing will be subject to a number of factors, including market conditions, our operating performance and investor sentiment. If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates, restrict our operations or obtain funds by entering into agreements on unattractive terms, which would likely have a material adverse effect on our business, stock price and our relationships with third parties with whom we have business relationships, at least until additional funding is obtained. If we do not have sufficient funds to continue operations, we could be required to seek bankruptcy protection or other alternatives that would likely result in our stockholders losing some or all of their investment in us.

Statements in this Annual Report on Form 10-K concerning our future plans and operations are dependent on our ability to secure adequate funding and the absence of unexpected delays or adverse developments. We may not be able to secure required funding.

The statements contained in this Annual Report on Form 10-K concerning future events or developments or our future activities, such as concerning current or planned clinical trials, anticipated research and development activities, anticipated dates for commencement of clinical trials, anticipated completion dates of clinical trials, anticipated meetings with the FDA or other regulatory authorities concerning our product candidates, anticipated dates for submissions to obtain required regulatory marketing approvals, anticipated dates for commercial introduction of products, and other statements concerning our future operations and activities, are forward-looking statements that in each instance assume that we are able to obtain sufficient funding in the near term and thereafter to support such activities and continue our operations and planned activities in a timely manner. There can be no assurance that this will be the case. Also, such statements assume that there are no significant unexpected developments or events that delay or prevent such activities from occurring. Failure to timely obtain sufficient funding, or unexpected developments or events, could delay the occurrence of such events or prevent the events described in any such statements from occurring which could adversely affect our business, financial condition and results of operations.

We have incurred losses since our inception, and we anticipate that we will continue to incur losses. We may never achieve or sustain profitability.

We incurred net losses of approximately $19.4 million for the year ended year ended December 31, 2016, and a net loss of approximately $13.6 million for the year ended December 31, 2015. From inception through December 31, 2016, we have an accumulated deficit of approximately $88.5 million. These losses will increase as we continue our research and development activities, seek regulatory approvals for our product candidates and commercialize any approved products. These losses will cause, among other things, our stockholders' equity and working capital to decrease. Any future earnings and cash flow from operations of our business are dependent on our ability to further develop our products and on revenue and profitability from sales of products.

There can be no assurance that we will be able to generate sufficient product revenue to become profitable at all or on a sustained basis. We expect to have quarter-to-quarter fluctuations in revenue and expenses, some of which could be significant, due in part to variations in expenses and activities relating to research, development, clinical trial, marketing and manufacturing. If our product candidates fail in clinical trials or do not gain regulatory approval, or if our products do not achieve market acceptance, we may never become profitable. As we commercialize and market products, we will need to incur expenses for product marketing and brand awareness and conduct significant research, development, testing and regulatory compliance activities that, together with general and administrative expenses, could result in substantial operating losses for the foreseeable future. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

Our limited operating history may make it difficult to evaluate our business and our future viability.

We are in the relatively early stage of operations and development of our current products and product candidates and have only a limited operating history on which to base an evaluation of our business and prospects. Even if we successfully obtain additional funding, we are subject to the risks associated with early stage companies with a limited operating history, including without limitation: the need for additional financings; the uncertainty of research and development efforts resulting in successful commercial products, as well as the marketing and customer acceptance of such products; unexpected issues with the FDA or other federal or state regulatory authorities; regulatory setbacks and delays; competition from larger organizations; reliance on the proprietary technology of others; dependence on key personnel; uncertain patent protection; fluctuations in expenses; and dependence on corporate partners and collaborators. Any failure to successfully address these risks and uncertainties could seriously harm our business and prospects. We may not succeed given the technological, marketing, strategic and competitive challenges we will face. The likelihood of our success must be considered in light of the expenses, difficulties, complications, problems and delays frequently encountered in connection with the growth of a new business, the continuing development of new drug technologies, and the competitive and regulatory environment in which we operate or may choose to operate in the future.

Many of our potential products and technologies are in early stages of development.

The development of new pharmaceutical products is a highly risky undertaking, and there can be no assurance that any future research and development efforts we might undertake will be successful. Many of our potential products in the allergy and respiratory fields will require significant additional research and development before any commercial introduction. There can be no assurance that any future research, development or clinical trial efforts will result in viable products or meet efficacy standards. Future clinical or preclinical results may be negative or insufficient to allow us to successfully market our product candidates. Obtaining needed data and results may take longer than planned or may not be obtained at all. Any such delays or setbacks could have a material adverse effect on our ability to achieve our financial goals.

We rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain, or may experience delays in obtaining, regulatory approval, or may not be successful in commercializing our planned and future products.

Like many companies our size, we do not have the ability to conduct preclinical or clinical studies for our product candidates without the assistance of third parties who conduct the studies on our behalf. These third parties are usually toxicology facilities and clinical research organizations, or CROs, that have significant resources and experience in the conduct of pre-clinical and clinical studies. The toxicology facilities conduct the pre-clinical safety studies as well as associated tasks connected with these studies. The CROs typically perform patient recruitment, project management, data management, statistical analysis, and other reporting functions. We intend to rely on third parties to conduct clinical trials of our product candidates and to use third party toxicology facilities and CROs for our pre-clinical and clinical studies. We may also rely on academic institutions or clinical research organizations to conduct, supervise or monitor some or all aspects of clinical trials involving our products.

Our reliance on these third parties for development activities will reduce our control over these activities. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or for other reasons, we may be required to replace them, and our clinical trials may be extended, delayed or terminated. Although we believe there are a number of third-party contractors that we could engage to continue these activities, replacing a third-party contractor may result in a delay of the affected trial.

Delays in the commencement or completion of clinical testing of our product candidates could result in increased costs and delay our ability to generate significant revenues.

The actual timing of commencement and completion of clinical trials can vary dramatically from our anticipated timing due to factors such as funding limitations, scheduling conflicts with participating clinicians and clinical institutions, and the rate of patient enrollment. Clinical trials involving our product candidates may not commence or be completed as forecast. Delays in the commencement or completion of clinical testing could significantly impact our product development costs. We do not know whether current or planned clinical trials will begin on time or be completed on schedule, if at all. The commencement of clinical trials can be delayed for a variety of reasons, including delays in:

- obtaining required funding;
- obtaining regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organizations and clinical trial sites;
- obtaining sufficient quantities of clinical trial materials for product candidates;
- obtaining institutional review board approval to conduct a clinical trial at a prospective site; and
- recruiting participants for a clinical trial.

In addition, once a clinical trial has begun, it may be suspended or terminated by us or the FDA or other regulatory authorities due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements;
- inspection of the clinical trial operations or clinical trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold;
- failure to achieve certain efficacy and/or safety standards; or
- lack of adequate funding to continue the clinical trial.

Clinical trials require sufficient participant enrollment, which is a function of many factors, including the size of the target patient population, the nature of the trial protocol, the proximity of participants to clinical trial sites, the availability of effective treatments for the relevant disease, the eligibility criteria for our clinical trials and competing trials. Delays in enrollment can result in increased costs and longer development times. Our failure to enroll participants in our clinical trials could delay the completion of the clinical trials beyond current expectations. In addition, the FDA could require us to conduct clinical trials with a larger number of participants than we may project for any of our product candidates. As a result of these factors, we may not be able to enroll a sufficient number of participants in a timely or cost-effective manner.

Furthermore, enrolled participants may drop out of clinical trials, which could impair the validity or statistical significance of the clinical trials. A number of factors can influence the discontinuation rate, including, but not limited to: the inclusion of a placebo in a trial; possible lack of effect of the product candidate being tested at one or more of the dose levels being tested; adverse side effects experienced, whether or not related to the product candidate; and the availability of numerous alternative treatment options that may induce participants to withdraw from the trial.

We may be required to suspend, repeat or terminate our clinical trials if the trials are not well designed, do not meet regulatory requirements or the results are negative or inconclusive, which may result in significant negative repercussions on business and financial condition.

Before regulatory approval for a potential product can be obtained, we must undertake clinical testing on humans to demonstrate the tolerability and efficacy of the product. We cannot assure you that we will obtain authorization to permit product candidates that are in the preclinical development phase to enter the human clinical testing phase. In addition, we cannot assure you that any authorized preclinical or clinical testing will be completed successfully within any specified time period by us, or without significant additional resources or expertise to those originally expected to be necessary. We cannot assure you that such testing will show potential products to be safe and efficacious or that any such product will be approved for a specific indication. Further, the results from preclinical studies and early clinical trials may not be indicative of the results that will be obtained in later-stage clinical trials. In addition, we or regulatory authorities may suspend clinical trials at any time on the basis that the participants are being exposed to unacceptable health risks.

We are subject to the risk of clinical trial and product liability lawsuits.

The testing of human health care product candidates entails an inherent risk of allegations of clinical trial liability, while the marketing and sale of approved products entails an inherent risk of allegations of product liability and associated adverse publicity. We currently maintain liability insurance coverage of up to $3,000,000 and an excess liability insurance coverage of up to $6,000,000. Such insurance policies are expensive and may not be available in the future on acceptable terms, or at all. As we conduct additional clinical trials and introduce products into the United States market, the risk of adverse events increases and our requirements for liability insurance coverage are likely to increase. We are subject to the risk that substantial liability claims from the testing or marketing of pharmaceutical products could be asserted against us in the future. There can be no assurance that we will be able to obtain or maintain insurance on acceptable terms, particularly in overseas locations, for clinical and commercial activities or that any insurance obtained will provide adequate protection against potential liabilities. An inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could inhibit our business.

Moreover, our current and future coverages may not be adequate to protect us from all of the liabilities that we may incur. If losses from liability claims exceed our insurance coverage, we may incur substantial liabilities that exceed our financial resources. In addition, a product or clinical trial liability action against us would be expensive and time-consuming to defend, even if we ultimately prevailed. If we are required to pay a claim, we may not have sufficient financial resources and our business and results of operations may be harmed. A product liability claim brought against us in excess of our insurance coverage, if any, could have a material adverse effect upon our business, financial condition and results of operations.

We do not have commercial-scale manufacturing capability, and we lack commercial manufacturing experience. We will likely rely on third parties to manufacture and supply our product candidates for which we will be seeking FDA approval.

Except for our facilities at USC that are utilized to prepare compounded formulations, we do not own or operate manufacturing facilities for clinical or commercial production of pharmaceutical product candidates. We do not have any experience in drug formulation or manufacturing, and we lack the resources and the capability to manufacture any of our product candidates on a clinical or commercial scale. Accordingly, we expect to depend on third-party contract manufacturers for the foreseeable future. Any performance failure on the part of our contract manufacturers could delay clinical development, regulatory approval or commercialization of our current or future product candidates, depriving us of potential product revenue and resulting in additional losses.

The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of pharmaceutical products often encounter difficulties in production, particularly in scaling up initial production.

These problems can include difficulties with production costs and yields, quality control (including stability of the product candidate and quality assurance testing), shortages of qualified personnel, and compliance with strictly enforced federal, state and foreign regulations. If our third-party contract manufacturers were to encounter any of these difficulties or otherwise fail to comply with their obligations or under applicable regulations, our ability to provide product candidates to patients in our clinical trials or commercially would be jeopardized. If we file an application for marketing approval of the product and the FDA grants marketing approval, any delay or interruption in the supply of product could delay the commercial launch of the product or impair our ability to meet demand for the product. Difficulties in supplying products for clinical trials could increase the costs associated with our clinical trial programs and, depending upon the period of delay, require us to commence new trials or qualify new manufacturers at significant additional expense, possibly causing commercial delays or termination of the trials.

Our products can only be manufactured in a facility that has undergone a satisfactory inspection by the FDA and other relevant regulatory authorities. For these reasons, we may not be able to replace manufacturing capacity for our products quickly if we or our contract manufacturer(s) were unable to use manufacturing facilities as a result of a fire, natural disaster (including an earthquake), equipment failure, or other difficulty, or if such facilities were deemed not in compliance with the regulatory requirements and such non-compliance could not be rapidly rectified. An inability or reduced capacity to manufacture our products would have a material adverse effect on our business, financial condition, and results of operations.

We are subject to substantial government regulation, which could materially adversely affect our business. If we do not receive regulatory approvals, we may not be able to develop and commercialize our technologies.

We need FDA approval to market our proposed Epinephrine PFS product and other products in the United States that are subject to regulatory approval, and similar approvals from foreign regulatory authorities to market products outside the United States. The production and marketing of such products and potential products and our ongoing research and development, pre-clinical testing and clinical trial activities are subject to extensive regulation and review by numerous governmental authorities in the United States and will face similar regulation and review for overseas approval and sales from governmental authorities outside of the United States. The regulatory review and approval process, which may include evaluation of preclinical studies and clinical trials of our products that are subject to regulatory review, as well as the evaluation of manufacturing processes and contract manufacturers' facilities, is lengthy, expensive and uncertain. We have limited experience in filing and pursuing applications necessary to gain regulatory approvals. Many of the product candidates that we are currently developing must undergo rigorous pre-clinical and clinical testing and an extensive regulatory approval process before they can be marketed. This process makes it longer, more difficult and more costly to bring our potential products to market, and we cannot guarantee that any of our potential products will be approved. Many products for which FDA approval has been sought by other companies have never been approved for marketing. In addition to testing and approval procedures, extensive regulations also govern marketing, manufacturing, distribution, labeling, and record-keeping procedures. If we or our collaboration partners do not comply with applicable regulatory requirements, such violations could result in non-approval, suspensions of regulatory approvals, civil penalties and criminal fines, product seizures and recalls, operating restrictions, injunctions, and criminal prosecution.

Regulatory authorities generally have substantial discretion in the approval process and may either refuse to accept an application, or may decide after review of an application that the data submitted is insufficient to allow approval of the proposed product. If regulatory authorities do not accept or approve our applications, they may require that we conduct additional clinical, preclinical or manufacturing studies and submit that data before regulatory authorities will reconsider such application. We may need to expend substantial resources to conduct further studies to obtain data that regulatory authorities believe is sufficient. Depending on the extent of these studies, approval of applications may be delayed by several years, or may require us to expend more resources than we may have available. It is also possible that additional studies may not suffice to make applications approvable. If any of these outcomes occur, we may be forced to abandon our applications for approval.

Failure to obtain FDA or other required regulatory approvals, or withdrawal of previous approvals, would adversely affect our business. Even if regulatory approval of a product is granted, this approval may entail limitations on uses for which the product may be labeled and promoted, or may prevent us from broadening the uses of products for different applications.

Following regulatory approval of any of our drug candidates, we will be subject to ongoing regulatory obligations and restrictions, which may result in significant expense and limit our ability to commercialize our potential products.

With regard to our drug candidates, if any, approved by the FDA or by another regulatory authority, we are held to extensive regulatory requirements over product manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and record keeping. Regulatory approvals may also be subject to significant limitations on the indicated uses or marketing of the drug candidates. Potentially costly follow-up or post-marketing clinical studies may be required as a condition of approval to further substantiate safety or efficacy, or to investigate specific issues of interest to the regulatory authority. Previously unknown problems with the drug candidate, including adverse events of unanticipated severity or frequency, may result in restrictions on the marketing of the drug, and could include withdrawal of the drug from the market. In addition, the law or regulatory policies governing pharmaceuticals may change. New statutory requirements may be enacted or additional regulations may be enacted that could prevent or delay regulatory approval of our drug candidates. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action, either in the United States or elsewhere. If we are not able to maintain regulatory compliance, we might not be permitted to market our drugs and our business could suffer.

We intend to pursue Section 505(b)(2) regulatory approval filings with the FDA for our products where applicable. Such filings involve significant costs, and we may also encounter difficulties or delays in obtaining regulatory approval for our products. Similar difficulties or delays may also arise in connection with any Abbreviated New Drug Applications that we may file.

We submitted a Section 505(b)(2) NDA regulatory filing to the FDA in connection with our Epinephrine PFS product, and we intend to pursue Section 505(b)(2) NDA filings with the FDA in connection with our APC-1000, and Fluticasone and Albuterol DPI products and product candidates. A Section 505(b)(2) NDA is a special type of NDA that enables the applicant to rely, in part, on the FDA's findings of safety and efficacy of an existing previously approved product, or published literature, in support of its application. Section 505(b)(2) NDAs often provide an alternate path to FDA approval for new or improved formulations or new uses of previously approved products. Such filings involve significant filing costs, including filing fees.

To the extent that a Section 505(b)(2) NDA relies on clinical trials conducted for a previously approved drug product or the FDA's prior findings of safety and effectiveness for a previously approved drug product, the Section 505(b)(2) applicant must submit patent certifications in its Section 505(b)(2) application with respect to any patents for the previously approved product on which the applicant's application relies and that are listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book. Specifically, the applicant must certify for each listed patent that, in relevant part, (1) the required patent information has not been filed; (2) the listed patent has expired; (3) the listed patent has not expired, but will expire on a particular date and approval is not sought until after patent expiration; or (4) the listed patent is invalid, unenforceable or will not be infringed by the proposed new product. A certification that the new product will not infringe the previously approved product's listed patent or that such patent is invalid or unenforceable is known as a Paragraph IV certification. If the applicant does not challenge one or more listed patents through a Paragraph IV certification, the FDA will not approve the Section 505(b)(2) NDA application until all the listed patents claiming the referenced product have expired.

If the Section 505(b)(2) NDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the owner of the referenced NDA for the previously approved product and relevant patent holders within 20 days after the Section 505(b)(2) NDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement suit against the Section 505(b)(2) applicant. Under the FDCA, the filing of a patent infringement lawsuit within 45 days of receipt of the notification regarding a Paragraph IV certification automatically prevents the FDA from approving the Section 505(b)(2) NDA until the earliest to occur of 30 months beginning on the date the patent holder receives notice, expiration of the patent, settlement of the lawsuit, or until a court deems the patent unenforceable, invalid or not infringed.

If we rely in our Section 505(b)(2) regulatory filings on clinical trials conducted, or the FDA's prior findings of safety and effectiveness, for a previously approved drug product that involves patents referenced in the Orange Book, then we will need to make the patent certifications or the Paragraph IV certification described above. If we make a Paragraph IV certification and the holder of the previously approved product that we referenced in our application initiates patent litigation within the time periods described above, then any FDA approval of our 505(b)(2) application would be delayed until the earlier of 30 months, resolution of the lawsuit, or the other events described above. Accordingly, our anticipated dates of a product that was subject to such litigation would be delayed. In addition, we would incur the expenses, which could be material, involved with any such patent litigation. As a result, we may invest a significant amount of time and expense in the development of our product only to be subject to significant delay and patent litigation before our product may be commercialized, if at all.

In addition, even if we submit a Section 505(b)(2) application, such as we have submitted for the Epinephrine PFS product, and as we may submit for other future products, that relies on clinical trials conducted for a previously approved product where there are no patents referenced in the Orange Book for such other product with respect to which we have to provide certifications, we are subject to the risk that the FDA could disagree with our reliance on the particular previously approved product that we chose to rely on, conclude that such previously approved product is not an acceptable reference product, and require us instead to rely as a reference product on another previously approved product that involves patents referenced in the Orange Book, requiring us to make the certifications described above and subjecting us to additional delay, expense and the other risks described above.

Similarly, if we submit one or more ANDA applications to the FDA pursuant to Section 505(j) of the FDCA in connection with one or more of our product candidates, we could encounter generally similar difficulties or delays, including difficulties or delays resulting from the Paragraph IV certification process or from any clinical trials that might be required in connection with any such ANDAs.

If we fail to obtain acceptable prices or appropriate reimbursement for our products, our ability to successfully commercialize our products will be impaired.

Government and insurance reimbursements for healthcare expenditures play an important role for all healthcare providers, including physicians and pharmaceutical companies such as Adamis, that plan to offer various products in the United States and other countries in the future. Physicians and patients may decide not to order our products unless third-party payors, such as managed care organizations as well as government payors such as Medicare and Medicaid, pay a substantial portion of the price of the products. Market acceptance and sales of our specialty pharmaceutical products, other than our compounding formulations sold by USC, which are less affected by the willingness of third party payors to pay a substantial portion of the price of such products, and potential products will depend in part on the extent to which reimbursement for the costs of such products will be available from government health administration authorities, private health coverage insurers, managed care organizations, and other organizations. In the United States, our ability to have our products eligible for Medicare, Medicaid or private insurance reimbursement will be an important factor in determining the ultimate success of our products. If, for any reason, Medicare, Medicaid or the insurance companies decline to provide reimbursement for our products, our ability to commercialize our products would be adversely affected.

Third-party payors may challenge the price of medical and pharmaceutical products. Reimbursement by a third-party payor may depend on a number of factors, including a payor's determination that our product candidates are:

- not experimental or investigational;
- effective;
- medically necessary;
- appropriate for the specific patient;
- cost-effective;
- supported by peer-reviewed publications; and
- included in clinical practice guidelines.

If purchasers or users of our products and related treatments are not able to obtain appropriate reimbursement for the cost of using such products, they may forego or reduce such use. Significant uncertainty exists as to the reimbursement status of newly approved pharmaceutical products, and there can be no assurance that adequate third-party coverage will be available for any of our products. Even if our products are approved for reimbursement by Medicare, Medicaid and private insurers, of which there can be no assurance, the amount of reimbursement may be reduced at times or even eliminated. This would have a material adverse effect on our business, financial condition and results of operations.

Legislative or regulatory reform of the healthcare system may affect our ability to sell our products profitably.

In both the United States and certain foreign jurisdictions, there have been and are expected to be a number of legislative and regulatory changes to the healthcare system in ways that could impact our ability to sell our products profitably, including the Patient Protection and Affordable Care Act signed into law in the United States in March 2010. Given the enactment of these laws and other federal and state legislation and regulations relating to the healthcare system, it is still too early to determine their impact on the biotechnology and pharmaceutical industries and our business. The U.S. Congress continues to consider issues relating to the healthcare system, and future legislation or regulations may affect our ability to market and sell products on favorable terms, which would affect our results of operations, as well as our ability to raise capital, obtain additional collaborators or profitably market our products. Such legislation or regulation may reduce our revenues, increase our expenses or limit the markets for our products. In particular, we expect to experience pricing pressures in connection with the sale of our products due to the influence of health maintenance and managed health care organizations and additional legislative proposals.

We have limited sales, marketing and distribution experience.

We have limited experience in the sales, marketing, and distribution of pharmaceutical products. There can be no assurance that we will be able to establish sales, marketing, and distribution capabilities or make arrangements with our current collaborators or others to perform such activities or that such efforts will be successful. If we decide to market any products directly, we must either acquire or internally develop a marketing and sales force with technical expertise and with supporting distribution capabilities. The acquisition or development of a sales, marketing and distribution infrastructure would require substantial resources, which may not be available to us or, even if available, could divert the attention of our management and key personnel and have a negative impact on further product development efforts.

We may seek to enter into arrangements to develop and commercialize our products. These collaborations, if secured, may not be successful.

We have entered into arrangements with third parties regarding development and commercialization of some of our products and may in the future seek to enter into collaborative arrangements to develop and commercialize some of our potential products both in North America and international markets. There can be no assurance that we will be able to negotiate collaborative arrangements on favorable terms or at all or that our current or future collaborative arrangements will be successful. The amount and timing of resources such third parties will devote to these activities may not be within our control. There can be no assurance that such parties will perform their obligations as expected. There can be no assurance that our collaborators will devote adequate resources to our products.

If our potential products are unable to compete effectively with current and future products targeting similar markets as our potential products, our commercial opportunities will be reduced or eliminated.

The markets for our PFS Epinephrine product, our proposed DPI inhaler products and other allergy and respiratory products, are intensely competitive and characterized by rapid technological progress. We face competition from numerous sources, including major biotechnology and pharmaceutical companies worldwide. Many of our competitors have substantially greater financial and technical resources, and development, production and marketing capabilities, than we do. Our Epinephrine PFS product, if approved for marketing, will compete with a number of other currently marketed epinephrine products for use in the emergency treatment of acute allergic reactions, including anaphylaxis. Certain companies have established technologies that may be competitive with our product candidates and any future products that we may develop or acquire. Some of these products may use different approaches or means to obtain results, which could be more effective or less expensive than our products for similar indications. In addition, many of these companies have more experience than we do in pre-clinical testing, clinical trials and manufacturing of compounds, obtaining FDA and foreign regulatory approvals, and brand name exposure and expertise in sales and marketing. We also compete with academic institutions, governmental agencies and private organizations that are conducting research in the same fields.

Competition among these entities to recruit and retain highly qualified scientific, technical and professional personnel and consultants is also intense. As a result, there is a risk that one or more of our competitors will develop a more effective product for the same indications for which we are developing a product or, alternatively, bring a similar product to market before we can do so. Failure to successfully compete will adversely impact the ability to raise additional capital and ultimately achieve profitable operations.

Our product candidates may not gain acceptance among physicians, patients, or the medical community, thereby limiting our potential to generate revenue, which will undermine our future growth prospects.

Even if our pharmaceutical product candidates are approved for commercial sale by the FDA or other regulatory authorities, the degree of market acceptance of any approved product candidate by physicians, health care professionals and third-party payors, and our profitability and growth will depend on a number of factors, including:

- the ability to provide acceptable evidence of safety and efficacy;
- pricing and cost effectiveness, which may be subject to regulatory control;
- our ability to obtain sufficient third-party insurance coverage or reimbursement;
- effectiveness of our or our collaborators' sales and marketing strategy;
- relative convenience and ease of administration;
- the prevalence and severity of any adverse side effects; and
- availability of alternative treatments.

If any product candidate that we develop does not provide a treatment regimen that is at least as beneficial as the current standard of care or otherwise does not provide some additional patient benefit over the current standard of care, that product will not achieve market acceptance and we will not generate sufficient revenues to achieve profitability.

If we suffer negative publicity concerning the safety of our products in development, our sales may be harmed and we may be forced to withdraw such products.

If concerns should arise about the safety of any of our products that are marketed, regardless of whether or not such concerns have a basis in generally accepted science or peer-reviewed scientific research, such concerns could adversely affect the market for these products. Similarly, negative publicity could result in an increased number of product liability claims, whether or not these claims are supported by applicable law.

Our failure to adequately protect or to enforce our intellectual property rights or secure rights to third party patents could materially harm our proprietary position in the marketplace or prevent the commercialization of our products.

Our success depends in part on our ability to obtain and maintain protection in the United States and other countries for the intellectual property covering or incorporated into our technologies and products. The patents and patent applications in our existing patent portfolio are either owned by us or licensed to us. Our ability to protect our product candidates from unauthorized use or infringement by third parties depends substantially on our ability to obtain and maintain, or license, valid and enforceable patents. Due to evolving legal standards relating to the patentability, validity and enforceability of patents covering pharmaceutical inventions and the scope of claims made under these patents, our ability to obtain and enforce patents is uncertain and involves complex legal and factual questions for which important legal principles are unresolved.

There is a substantial backlog of patent applications at the United States Patent and Trademark Office, or USPTO. There can be no assurance that any patent applications relating to our products or methods will be issued as patents, or, if issued, that the patents will not be challenged, invalidated or circumvented or that the rights granted thereunder will provide a competitive advantage. We may not be able to obtain patent rights on products, treatment methods or manufacturing processes that we may develop or to which we may obtain license or other rights. Even if we do obtain patents, rights under any issued patents may not provide us with sufficient protection for our product candidates or provide sufficient protection to afford us a commercial advantage against our competitors or their competitive products or processes. It is possible that no patents will be issued from any pending or future patent applications owned by us or licensed to us. Others may challenge, seek to invalidate, infringe or circumvent any patents we own or license. Alternatively, we may in the future be required to initiate litigation against third parties to enforce our intellectual property rights. The defense and prosecution of patent and intellectual property claims are both costly and time consuming, even if the outcome is favorable to us. Any adverse outcome could subject us to significant liabilities, require us to license disputed rights from others, or require us to cease selling our future products.

In addition, many other organizations are engaged in research and product development efforts that may overlap with our products. Such organizations may currently have, or may obtain in the future, legally blocking proprietary rights, including patent rights, in one or more products or methods under development or consideration by us. These rights may prevent us from commercializing technology, or may require us to obtain a license from the organizations to use the technology. We may not be able to obtain any such licenses that may be required on reasonable financial terms, if at all, and we cannot be sure that the patents underlying any such licenses will be valid or enforceable. As with other companies in the pharmaceutical industry, we are subject to the risk that persons located in other countries will engage in development, marketing or sales activities of products that would infringe our patent rights if such activities were conducted in the United States.

Our patents also may not afford protection against competitors with similar technology. We may not have identified all patents, published applications or published literature that affect our business either by blocking our ability to commercialize our product candidates, by preventing the patentability of our products or by covering the same or similar technologies that may affect our ability to market or license our product candidates. Many companies have encountered difficulties in protecting and defending their intellectual property rights in foreign jurisdictions. If we encounter such difficulties or are otherwise precluded from effectively protecting our intellectual property rights in either the United States or foreign jurisdictions, our business prospects could be substantially harmed. In addition, because of funding limitations and our limited cash resources, we may not be able to devote the resources that we might otherwise desire to prepare or pursue patent applications, either at all or in all jurisdictions in which we might desire to obtain patents, or to maintain already-issued patents.

We may become involved in patent litigations or other intellectual property proceedings relating to our future product approvals, which could result in liability for damages or delay or stop our development and commercialization efforts.

The pharmaceutical industry has been characterized by significant litigation and other proceedings regarding patents, patent applications, trademarks, and other intellectual property rights. The situations in which we may become parties to such litigation or proceedings may include any third parties initiating litigation claiming that our products infringe their patent or other intellectual property rights, or that one of our trademarks or trade names infringes the third party's trademark rights; in such case, we will need to defend against such proceedings. For example, the field of generic pharmaceuticals is characterized by frequent litigation that occurs in connection with the regulatory filings under Section 505(b)(2) of the FDCA and attempts to invalidate the patent of the reference drug.

The costs of resolving any patent litigation or other intellectual property proceeding, even if resolved in our favor, could be substantial. Many of our potential competitors will be able to sustain the cost of such litigation and proceedings more effectively than we can because of their substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other intellectual property proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other intellectual property proceedings may also consume significant management time.

In the event that a competitor infringes upon our patent or other intellectual property rights, enforcing those rights may be costly, difficult, and time-consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time-consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patent or other intellectual property rights against a challenge. If we are unsuccessful in enforcing and protecting our intellectual property rights and protecting our products, it could materially harm our business.

If we determine that our intangible assets have become impaired in the future, our total assets and earnings could be adversely affected.

Goodwill represents the purchase price of acquisitions in excess of the amounts assigned to acquired tangible or intangible assets and assumed liabilities. Goodwill and indefinite lived intangible assets are not amortized but rather are evaluated for impairment annually or more frequently, if indicators of impairment exist. Finite lived intangible assets are evaluated for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the impairment evaluations for goodwill and intangible assets indicate the carrying amount exceeds the estimated fair value, an impairment loss is recognized in an amount equal to that excess. If in the future we determine that our intangible assets have become impaired, our total assets, financial results, and earnings could be adversely affected.

We depend on our officers. If we are unable to retain our key employees or to attract additional qualified personnel, our product operations and development efforts may be seriously jeopardized.

Our success will be dependent upon the efforts of our management team and staff, including Dennis J. Carlo, Ph.D., our chief executive officer. The employment of Dr. Carlo may be terminated at any time by either us or Dr. Carlo. We currently do not have key man life insurance policies covering any of our executive officers or key employees. If key individuals leave us, we could be adversely affected if suitable replacement personnel are not quickly recruited. There is competition for qualified personnel in all functional areas, which makes it difficult to attract and retain the qualified personnel necessary for the operation of our business. Our success also depends in part on our ability to attract and retain highly qualified scientific, commercial and administrative personnel. If we are unable to attract new employees and retain existing key employees, the development and commercialization of our product candidates could be delayed or negatively impacted.

We may experience difficulties in managing growth.

We are a small company. Future growth will impose significant added responsibilities on members of management, including the need to identify, attract, retain, motivate and integrate highly skilled personnel. We may increase the number of employees in the future depending on the progress of our development of our products and technologies. Our future financial performance and our ability to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to:

- manage our clinical studies effectively;
- integrate additional management, administrative, manufacturing and regulatory personnel;
- maintain sufficient administrative, accounting and management information systems and controls; and
- hire and train additional qualified personnel.

We may not be able to accomplish these tasks, and our failure to accomplish any of them could harm our financial results.

There are significant limitations on our ability in the future to utilize any net operating loss carry forwards for federal and state income tax purposes.

At December 31, 2016, we had net operating loss carry forwards of approximately $60 million and $46 million for federal and state purposes, respectively. The net operating loss carry forwards will begin to expire through in 2031. The Tax Reform Act of 1986, as amended, or the TRA, provides for a limitation on the annual use of net operating loss carry forwards following certain ownership changes that could limit our ability to utilize these carry forwards. We most likely have experienced various ownership changes, as defined by the TRA, as a result of past financings and merger transactions. Accordingly, our ability to utilize some or all of these carry forwards is likely limited. Additionally, U.S. tax laws limit the time during which these carry forwards may be applied against future taxes, and as a result we may not be able to take full advantage of these carry forwards for federal income tax purposes.

We are subject to certain data privacy and security requirements, which are very complex and difficult to comply with at times. Any failure to ensure adherence to these requirements could subject us to fines and penalties, and damage our reputation.

We are required to comply, as applicable, with numerous federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, which govern the collection, use and disclosure of personal information. Other countries also have, or are developing, laws governing the collection, use and transmission of personal information. In addition, most healthcare providers who may prescribe products we may sell in the future and from whom we may obtain patient health information are subject to privacy and security requirements under HIPAA and comparable state laws. These laws could create liability for us or increase our cost of doing business, and any failure to comply could result in harm to our reputation, and potentially fines and penalties.

Our business and operations would suffer in the event of cybersecurity or other system failures. Our business depends on complex information systems, and any failure to successfully maintain these systems or implement new systems to handle our changing needs could materially harm our operations.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our suppliers, as well as personally identifiable information of employees. Similarly, our third-party providers possess certain of our sensitive data. The secure maintenance of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could

compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing amount of focus on privacy and data protection issues with the potential to affect our business, including recently enacted laws in a majority of states requiring security breach notification. Thus, any access, disclosure or other loss of information, including our data being breached at our partners or third-party providers, could result in legal claims or proceedings and liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation which could adversely affect our business.

Risks Related to Our Compounding Pharmacy Business

Our Inability to Successfully Integrate USC's Operations Could Adversely Affect Our Operations; Potential Need For Additional Financing.

Our acquisition of USC represented a significant investment. The USC acquisition requires our and USC's significant attention and resources, which could reduce the likelihood of achievement of other corporate goals. Both we and USC have experienced significant operating losses. As a result, we may need additional financing to help fund USC's business and satisfy its obligations, which will require additional management time to address. There is no assurance that we will realize the benefits of the USC acquisition that we hope will be achieved.

USC could receive additional Section 483 letters from the FDA, warning letters or other communications from the FDA or state regulatory authorities, and federal or state proceedings alleging non-compliance with FDA requirements and other applicable federal or state regulatory legal requirements could adversely affect our business, financial condition and results of operations.

Outsourced compounding facilities have historically been subject to FDA inspections on an irregular basis and are now subject to FDA inspections on a risk-based schedule in accordance with DQSA Section 503B(b)(4). Observations by the FDA of potentially violative conditions during inspections are required to be reported to facility management at the close of the inspection on FDA Form 483. It is common for such reports to be provided in connection with inspections of compounding outsourcing facilities, and observations may be further followed by Warning Letters and other enforcement actions as the FDA deems warranted. Following the suspension of sterile production and the voluntary recall, state pharmacy regulatory agencies in certain states also initiated inquiries or took other actions regarding sales of USC products in such states, and some of those proceedings are ongoing. Resolution of these proceedings, or any future proceedings by the FDA or state regulatory agencies alleging violation of applicable federal or state laws or regulations, could require significant time and financial resources, and an adverse outcome in one or more of these proceedings could adversely affect our business, results of operations and financial condition.

USC resumed production and shipment of CSPs in March - April 2016 following suspension of sterile compounding production during a portion of the second half of 2015 and the first quarter of 2016. We cannot predict when or if we will receive additional 483 observations or other communications from the FDA or state regulatory authorities regarding USC's compounding outsourcing facility or our CSPs. USC could be subject to additional regulatory action by the FDA and civil or criminal enforcement action by the Department of Justice under the FDCA, Federal False Claims Act, or other applicable statutes, as well as related private actions, as a result of previous, current or future FDA observations. USC's suppliers and customers may negatively consider the Form 483 observations issued to us when deciding to award contracts or continue or renew agreements. Other state and federal regulators and agencies may also consider the Form 483 observations when conducting their own inspections, enforcement actions or approvals, including license renewals. Any such actions could significantly disrupt USC's business and harm its and our reputation, resulting in a material adverse effect on our business, results of operations and financial condition.

USC's compounded preparations and the pharmacy compounding industry are subject to regulatory and customer scrutiny, which may impair our growth and sales.

USC's compounded preparations are prepared using active pharmaceutical ingredients and diluents sourced only from suppliers registered with FDA. Formulations prepared and dispensed by compounding pharmacies contain FDA-approved ingredients, but are not themselves approved by the FDA. As a 503B outsourcing facility, USC's compounded formulations are not subject to the FDA approval process. The drug products available through branded and generic drug companies have been approved for marketing and sale by the FDA and are required to be manufactured in facilities compliant with cGMP standards. In addition, certain compounding pharmacies have been the subject of widespread negative media coverage in recent years, and the actions of these pharmacies have resulted in increased scrutiny of compounding pharmacy activities from the FDA and state governmental agencies. For example, the FDA has in the past requested that a number of compounding pharmacies conduct a recall of all non-expired, purportedly sterile drug products and cease sterile compounding operations due to lack of sterility assurance, and additional compounding pharmacies have suspended sterile production or voluntarily recalled certain sterile compounding products after an FDA inspection of the relevant facilities. As a result, some physicians may be hesitant to prescribe, and some patients may be hesitant to purchase and use, these compounded formulations. Other reasons physicians may be unwilling to prescribe or patients may be unwilling to use USC's compounded formulations could include the following, among others: applicable law limits our ability to discuss the efficacy or safety of USC's formulations with potential users to the extent applicable data is available; and our compounded preparations are primarily sold on a cash-pay basis and reimbursement may or may not be available from third-party payors, including the government Medicare and Medicaid programs. Any failure by physicians, patients and/or third-party payors to accept and embrace compounded formulations could substantially limit USC's market and cause its and our business and operations to suffer. An incident similar to the fungal meningitis outbreak in 2012, which was caused by a compounding pharmacy, could cause USC's customers to reduce their use of outsourced compounded medications significantly or even stop using outsourced compounded medications altogether. States have in the past enacted, and could in the future enact, regulations prohibiting or restricting the use of outsourcing compounded medication service providers in response to such incidents. Such prohibitions or restrictions on outsourced compounded preparations by states, or reduced customer demand as a result of an incident with compounded medication providers, could have a material adverse effect on USC's and our business, results of operations and financial condition.

We expect increased competition in the future regarding USC's compounded pharmacy products. If we fail to respond to such competition successfully, USC's and our business, results of operations and financial condition could be materially and adversely affected.

The pharmaceutical and pharmacy industries are highly competitive. We compete against other registered outsourcing facilities, branded drug companies, generic drug companies, regional compounders that provide patient-specific compounding that decide to expand to 503B outsourcing, non-patient-specific compounding, large hospitals and integrated delivery networks, other compounding pharmacies, and new entrants to the industry.

Many competitors that market and sell compounded preparations have longer operating histories and may have greater financial, marketing and other resources than we do. We are significantly smaller than some of such competitors, and we may lack the financial and other resources needed to develop, produce, distribute, market and commercialize any of USC's formulations or compete for market share in these sectors. These potential competitors could leverage existing resources and experience operating in industries that are subject to significant regulatory oversight in order to overcome certain barriers to entry. Consequently, competitors may be able to develop products and services competitive with, or superior to, USC's products and services. Furthermore, we may not be able to differentiate USC's compounded preparations and services from those of our competitors, successfully develop or introduce new services—on a timely basis or at all—that are less costly than those of our competitors or offer customers payment and other commercial terms as favorable as those offered by our competitors. We expect competition to intensify as technology advances, such as those in the field of robotics and automation, and consolidation continues. Also, new developments by pharmaceutical manufacturers, such as increasing the number of abbreviated new drug applications, to cover less frequently used drug formulations, could render some or most of USC's products or services obsolete. In addition, the drug products available through branded and generic drug companies with which USC's formulations compete have been approved for marketing and sale by the FDA and are required to be manufactured in facilities compliant with cGMP standards. USC's compounded formulations are not required to be, and have not been, approved for marketing and sale by the FDA. As a result, some physicians may be unwilling to prescribe, and some patients may be unwilling to use, USC's formulations. Increased competition could reduce revenue and gross profit and otherwise materially adversely affect our business, results of operations and financial condition.

Biotechnology and related pharmaceutical technologies have undergone and continue to be subject to rapid and significant change. Our future success will depend in large part on our ability to maintain a competitive position with respect to these technologies. Products developed by our competitors, including FDA-approved drugs and compounded formulations created by other pharmacies and outsourcing facilities, could render USC's products and technologies obsolete or unable to compete effectively. Other competitive factors include the safety and efficacy of a product, the size of the market for a product, the timing of market entry relative to competitive products, the availability of alternative compounded formulations or approved drugs, the price of a product relative to alternative products, the availability of third-party reimbursement, the success of sales and marketing efforts, brand recognition and the availability of scientific and technical information about a product.

Our failure to anticipate or appropriately adapt to changes or trends within the pharmaceutical industry could have a significant negative impact on our ability to compete successfully.

The pharmaceutical compounding industry is growing and evolving rapidly. Any significant shifts in the structure of the industry, or the healthcare products and services industry in general, could alter the industry dynamics and adversely affect USC's ability to attract or retain customers. These changes or trends could result from, among other things, new entrants into the sterile compounding business or regulatory changes. For example, the PPACA was signed into law in 2010, and the DQSA was signed into law in 2013. Each of these laws is expected to have a significant impact on USC's business and customers, but regulations and guidance implementing each of these laws continue to be proposed and made final. Our failure to anticipate or appropriately adapt to any changes or trends, including those that may result from the implementation of these laws, none of which are within our control, could have a significant negative impact on USC's competitive position and materially adversely affect USC's and our business.

If a compounded drug formulation provided through our compounding services leads to patient injury or death or results in a product recall, we may be exposed to significant liabilities and reputational harm.

The production, labeling and packaging of CSPs is inherently risky. The success of USC's compounded formulations and pharmacy operations depends to a significant extent upon medical and patient perceptions of USC and us and the safety and quality of USC's products. We could be adversely affected if USC, any other compounding pharmacies or USC's formulations and technologies, are subject to negative publicity. We could also be adversely affected if any of USC's formulations or other products, any similar products sold by other companies, or any products sold by other compounding pharmacies, prove to be, or are asserted to be, harmful to patients. There are a number of factors that could result in the injury or death of a patient who receives one of USC's compounded formulations, including quality issues, manufacturing or labeling flaws, improper packaging or unanticipated or improper uses of the products, any of which could result from human or other error. Any of these situations could lead to a recall of, or safety alert relating to, one or more of USC's products. Similarly, to the extent any of the components of approved drugs or other ingredients used by USC to produce compounded formulations have quality or other problems that adversely affect the finished compounded preparations, USC's and our sales could be adversely affected. In addition, in the ordinary course of business, we may voluntarily retrieve products in response to a customer complaint. Because of our dependence upon medical and patient perceptions, any adverse publicity associated with illness or other adverse effects resulting from the use or misuse of USC's products, any similar products sold by other companies or any other compounded formulations, could have a material adverse impact on our business, results of operations and financial condition.

We could become subject to product recalls and termination or suspension of our state pharmacy licenses if laboratory testing does not identify all contaminated products or if our products otherwise cause or appear to have caused injury or harm to patients. In addition, such laboratory testing may produce false positives, which could harm our business and impact our pharmacy operations even if the impacted formulations are ultimately found to be sterile and no patients are harmed by them. If adverse events or deaths or a product recall, either voluntarily or as required by the FDA or a state board of pharmacy, were associated with one of USC's formulations or compounds, USC's and our reputation could suffer, physicians may be unwilling to prescribe USC's products or order any prescriptions from such pharmacies, we could become subject to product and professional liability lawsuits, and USC's or our state pharmacy or other required licenses could be terminated or restricted.

Any retrieval or recall, whether voluntary or requested by the FDA or state regulatory authorities, could result in significant costs and lead to product withdrawals and harm USC's or our ability to successfully launch new products and services. These problems could also result in enforcement actions by state and federal authorities or other healthcare self-regulatory bodies, or product liability claims or lawsuits, including those brought by individuals or groups seeking to represent a class or establish multi-district litigation proceedings. Any such action, litigation, recall or reputational harm, even recalls or

negative publicity resulting from patient harm or death caused by compounded medications prepared by a competitor or a hospital pharmacy, could result in a material adverse effect on USC's and our business, results of operations, financial condition and liquidity. Current or future insurance coverage may prove insufficient to cover any liability claims brought against USC or us. Because of the increasing cost of insurance coverage, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise.

USC's ability to generate revenues will be diminished if it fails to obtain acceptable prices or an adequate level of reimbursement from third party payors.

Currently, USC is paid directly by most of its customers and does not submit large amounts of claims for reimbursement through Medicare, Medicaid or other third-party payors, although its customers may choose to seek available reimbursement opportunities to the extent that they exist. USC works with third-party insurers, pharmacy benefit managers and buying groups to advocate that patient-specific customizable compounded formulations be available to patients at accessible prices. We plan to continue to devote time and other resources to seek reimbursement for compounded formulations. However, we may be unsuccessful in achieving these goals, as many third-party payors have imposed significant restrictions on reimbursement for compounded formulations in recent years. Moreover, third-party payors, including Medicare, are increasingly attempting to contain health care costs by limiting coverage and the level of reimbursement for new drugs and by refusing, in some cases, to provide coverage for uses of approved products for disease indications for which the FDA has not granted labeling approval. The continued efforts of health maintenance organizations, managed care organizations, government programs (such as Medicare, Medicaid and other federal and state-funded programs) and other third party payors to limit reimbursements to USC's customers may adversely impact our financial results. Further, HIPAA and the Health Reform Law may have a considerable impact on the existing U.S. system for the delivery and financing of health care and could conceivably adversely affect USC's business. As a result, reimbursement from Medicare, Medicaid and other third party payors may cease to be available for USC's products or may not be sufficient to allow USC to sell products on a competitive basis and at desirable price points. If government and other third party payors do not provide adequate coverage and reimbursement levels for USC's formulations, the market acceptance for USC's formulations may be limited. We expect cost pressures from third party payors to continue, and USC's customers have limited bargaining power to counter payor demands for reduced reimbursement rates. If USC's customers increasingly insource pharmaceutical preparations or use alternative third party providers due to these pressures, USC's and our business, results of operations and financial condition may be materially adversely impacted.

Consolidation in the health care industry could lead to demands for price concessions, which could have an adverse effect on our business, financial condition and results of operations.

Because health care costs have risen significantly, numerous initiatives and reforms by legislatures, regulators and third party payors to curb these cost increases have resulted in a trend in the health care industry to consolidate product suppliers and purchasers. When finalized, the guidance for 503B outsourcing facilities regarding vendor qualification and incoming raw materials testing may be onerous and significantly increase the cost of USC's compounded medications. Many healthcare industry participants are consolidating to create integrated healthcare delivery systems with significant market power, and we expect this trend to continue. As provider networks consolidate, thereby decreasing the number of market participants, competition to provide products and services such as those offered by USC will become more intense, and the importance of establishing relationships with key industry participants will become greater. In addition, industry participants may try to use their increased market power to negotiate price reductions for USC's products and services. If we are forced to reduce prices as a result of either an imbalance of market power or decreased demand for USC's products, our business, financial conditions and results of operations would be adversely affected.

If we are unable to maintain our GPO relationships, our revenue could decline.

USC currently derives, and expects to continue to derive, a significant portion of its revenue from end-user customers that are members of group purchasing organizations, or GPOs. USC is also a member of one or more GPOs. GPOs negotiate pricing arrangements that are then made available to a GPO's affiliated hospitals and other members. GPOs provide end-users access to a broad range of pharmaceutical products and services from multiple suppliers at competitive prices and, in certain cases, exercise considerable influence over the purchasing decisions of such end-users. Hospitals and other end-users contract with the GPO of their choice for their purchasing needs in an effort to lower costs. Maintaining USC's contractual relationships with GPOs will, we believe, help allow USC to continue to provide outsourced compounded formulations, offer a broad product line, and remain price competitive, and failure to maintain such relationships could adversely affect USC's ability to obtain supplies at competitive prices. The GPOs with which USC currently has contractual relationships, or other GPS, may have relationships with USC's customers, and as such the GPOs may influence the customers' buying patterns regarding USC's products or those of our competitors. If we are unable to maintain USC's relationships with GPOs, USC's and our business, financial condition and results of operations could be adversely affected.

USC relies on third parties, and in some cases a single third party, to provide active pharmaceutical ingredients and containers. If these third parties do not deliver as expected or if USC's agreements with them terminate, USC's and our business, financial condition, and results of operations could be adversely affected.

USC has contractual relationships with pharmaceutical manufacturers and other suppliers of active pharmaceutical ingredients and containers. Any changes to these relationships, including, but not limited to, a loss of a supplier relationship, product shortages or changes in pricing, could have an adverse effect on USC's and our business, financial condition and results of operations.

USC's business depends to a significant extent on the reliable delivery of drugs from its key suppliers, some of which provide favorable terms in exchange for USC's or our commitment to purchase minimum volumes of, or in some cases all of USC's needs for, one or more drugs. We strive to identify and maintain relationships with more than one source for active pharmaceutical ingredients and containers used in USC's CSPs. If a drug for which we have not qualified an alternative source becomes unavailable, we may not be able to identify and qualify a replacement supplier or may suffer a delay in doing so, which could adversely affect USC's and our revenues. Further, we may not receive the same pricing from an alternative supplier. A price increase resulting from using alternative suppliers or due to a shortage of a particular drug, a manufacturer gaining an exclusive right to market and sell a given drug, or any other reason could make USC's compounded preparations containing that drug more expensive, and therefore potentially less attractive, to USC's customers. In addition, active pharmaceutical ingredients and containers that we purchase may not always be available in sufficient quantities to meet USC's needs and the needs of USC's customers. Some pharmaceutical ingredients are only available through a single supplier and may be subject to limits on distribution. Additionally, some of the containers that USC uses in its compounded preparations are particular to a supplier, and USC's customers may use a drug delivery system of a particular supplier. Therefore, if there is a shortage or interruption in the supply of a certain supplier's containers, USC may not be able to sell compounded preparations in alternative containers to certain of its customers. In addition, there is a risk that one or more suppliers could be acquired by another company that owns registered 503B outsourced compounding facilities, in which case we could be required to purchase ingredients or containers from a competitor, which could harm our business.

USC experiences supply interruptions and shortages from time to time. USC retains inventory of drug components and containers in order to help provide our customers continuity of service, but its inventory may not be sufficient. If a supply disruption results in the inability to obtain compounding components, USC's and our business, financial condition and results of operations could be adversely affected.

USC's reliance on suppliers also exposes USC and us to risks that are not within our control, including the following:

- USC relies on suppliers to provide it with drugs, diluents and containers of an acceptable quality in a timely fashion. Any quality issues, recalls, or supply delay or interruption could harm USC's ability to sell products and may subject USC or us to product liability claims.
- USC's suppliers' facilities must satisfy production and quality standards set by the FDA and other regulatory authorities that periodically inspect facilities to determine compliance. If our suppliers fail to satisfy these requirements, their facilities could be shut down permanently or for an extended period of time.
- USC's suppliers may not be able to produce the volume that USC requires or may experience disruptions or delays due to market conditions, natural disasters, labor-related disruptions, failure in supply or other logistical channels or other reasons.
- A supplier could decide to terminate its contract or supply arrangement with USC due to a disagreement with USC or us.

Each of these risks could delay the production of USC's products or result in higher costs or deprive USC and us of potential revenues. Further, delays or interruptions in supply could limit or curtail USC's ability to meet customer demand for its CSPs. Any such delay or interruption could harm USC's reputation as a provider of outsourced CSPs, cause USC's customers to find alternative sources for CSPs or reduce their use of outsourced CSPs, any of which could have a material adverse effect on USC's and our business, financial condition, and results of operations.

A disruption in USC's operations or the delivery of compounded preparations to customers could damage relations with customers.

USC's success depends upon its ability to provide timely, reliable and consistent services and products to its customers. Natural disasters or other catastrophic events, including tornadoes, hurricanes, blizzards and other weather conditions, terrorist attacks, power and data interruptions, fires as well as logistical or delivery disruptions could disrupt USC's or its suppliers' and vendors' operations and impede USC's ability to provide services and deliver products to customers, which could adversely impact USC's and our results of operations. For example, USC's CSPs have expiration dates, and USC's compounded preparations must remain under specified storage conditions, including some items that must remain refrigerated or frozen or those that are sensitive to excessive heat. Any disruption or delay in delivery may cause spoilage and the need to retrieve and replace products. In the event that USC experiences a temporary or longer term interruption in its ability to deliver services or products, USC's and our revenues could be reduced, USC's reputation could be damaged and USC's and our business could be materially and adversely affected. For example, USC's suspension of sterile product production during portions of the second half of 2015 and the first quarter of 2016 adversely affected its relationships with some of its customers and sales personnel, and resulted in revenues in 2016 that were below our expectations. In addition, any continuing disruption in either USC's or our computer systems or telephone system could adversely affect USC's or our ability to receive and process customer orders and ship products on a timely basis, and could adversely affect USC's or our relations with customers, potentially resulting in reduction in orders or loss of customers.

We have incurred significant indebtedness, which will require substantial cash to service and which subjects us to certain financial requirements and business restrictions.

As we have previously disclosed in our SEC filings, in connection with our acquisition of USC and the transactions contemplated by the Merger Agreement relating to the USC acquisition, we assumed approximately $5,722,000 principal amount of debt obligations under two loan agreements and related loan documents relating to the building, real property and equipment that certain third parties agreed to transfer to the Company or USC in connection with the merger, as well as the two loan agreements to which USC is a party, a working capital loan and an equipment loan, and related loan documents evidencing loans previously made to USC, and we agreed to become an additional co-borrower under the Loan Documents. The lender in all of the USC Loan Documents was First Federal Bank and/or its successor Bear State Bank, referred to as Lender or the Bank. In November 2016, we entered into amendments of these loan agreements with the Bank. Pursuant to the assumed amended loans are required to make current periodic interest and principal payments under the Amended Loan Documents, in an amount of approximately $55,000 per month; the amount of required interest payments is subject to change depending on future changes in interest rates. We also entered into a loan and security agreement with the Lender, referred to as the Adamis Working Capital Line, pursuant to which we may borrow up to an aggregate of $2,000,000 to provide working capital to USC, subject to the terms and conditions of the loan agreement. Interest on amounts borrowed under the Adamis Working Capital Line accrues at a rate equal to the prime interest rate, as defined in the agreement. Interest payments are required to be made quarterly. As amended effective March 31, 2017, the entire outstanding principal balance, and all accrued and unpaid interest and all other sums payable pursuant to our loan agreement with the Bank, are due and payable on March 1, 2018, or sooner upon the occurrence of certain events as provided in the loan agreement and related documents. Our obligations under the Adamis Working Capital Line are secured by certain collateral, including without limitation our interest in amounts that we have loaned to USC; a warrant that we issued to the Lender to purchase up to 1,000,000 shares of our common stock at an exercise price equal to par value per share, only exercisable by Lender if we are in default under the loan documents and if the Lender delivers a notice to us and we do not cure the default within the applicable cure period; and our Certificate of Deposit ("CD") with the Lender of approximately $1,000,000. Further, if at any time before the repayment of the loan, the value of the sum of (i) the amount of the funds in the CD, plus (ii) the product of: (A) the number of unexercised shares under the warrant multiplied by (B) the value of our common stock, falls below the product of (Y) 1.5 multiplied by (Z) the outstanding principal balance of the note evidencing the Adamis Working Capital Line, then following delivery of a notice from the Bank to us, we will either : (1) amend the warrant or provide an additional warrant to provide Lender with rights to purchase additional shares of common stock; or (2) reduce the principal balance of the note to bring us in compliance with the requirements set forth above, and failure to comply with this requirement after notice from Lender is an event of default under the loan documents.

The Amended Loan Documents agreement with the Bank include a variety of representations, warranties and covenants that we are required to comply with. If we do not comply with the provisions of such agreements and documents and the Bank declares an event of default, the Bank would be entitled to accelerate the maturity date of the loans, the principal and accrued interest would become due and payable, and the Bank could elect to exercise its remedies as a secured creditor under the loan documents and applicable law.

Our ability to make scheduled payments on our indebtedness depends on our future performance and ability to raise additional capital if required, which is subject to economic, financial, competitive and other factors, some of which are beyond our control. If we are unable to generate sufficient cash to service our debt, we may be required to adopt one or more alternatives, such as selling assets, attempting to restructure our debt or obtaining additional capital through sales of equity or incurrence of additional debt on terms that may be onerous or highly dilutive to our stockholders. Our ability to engage in any of these activities would depend on the capital markets and our financial condition at such time, and we may not be able to do so when needed, on desirable terms or at all, which could result in a default on our debt obligations. Additionally, the Amended Loan Documents contain various restrictive covenants, including, among others, our obligation to deliver to the Bank certain financial and other information, our obligation to comply with certain notice and insurance requirements, and our inability, without the Bank's prior consent, to dispose of certain of our assets, incur certain additional indebtedness, enter into certain merger, acquisition or change of control transactions, pay certain dividends or distributions on or make certain repurchases of our capital stock or incur any lien or other encumbrance on our assets, subject to certain permitted exceptions. Any failure by us to comply with any of these covenants, subject to certain cure periods, or to make all payments under the debt instruments when due, would cause us to be in default under the applicable debt instrument. In the event of any such default, the Bank may be able to foreclose on the assets that secure the debt or declare all borrowed funds, together with accrued and unpaid interest, immediately due and payable, thereby potentially causing all of our available cash to be used to pay our indebtedness or forcing us into bankruptcy or liquidation if we do not then have sufficient cash available. Any such event or occurrence could severely and negatively impact our business, financial conditions or results of operations.

If we fail to comply with the rules under the Sarbanes-Oxley Act of 2002 related to disclosure controls and procedures, or, if we discover material weaknesses and other deficiencies in our internal controls over financial reporting, our stock price could decline and raising capital could be more difficult.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. In the future, our management may determine that our disclosure controls and procedures are ineffective or that there are one or more material weaknesses in our internal controls over financial reporting, resulting in a reasonable possibility that a material misstatement to the annual or interim financial statements would not have been prevented or detected. A material weakness 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 financial statements will not be prevented or detected on a timely basis. Accordingly, a material weakness increases the risk that the financial information we report contains material errors. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. In addition, as a smaller reporting company, our independent registered public accounting firm has never performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act because no such evaluation has been required. Had our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, significant deficiencies or material weaknesses may have been identified. Efforts to correct any material weaknesses or deficiencies that may be identified could require significant financial resources to address. Moreover, if remedial measures are insufficient to address the deficiencies that are determined to exist, we may fail to meet our future reporting obligations on a timely basis, our consolidated financial statements could contain material misstatements, we could be required to restate our prior period financial results, our operating results may be harmed, and we could become subject to class action litigation. Internal control deficiencies and ineffective disclosure controls and procedures could also cause investors to lose confidence in our reported financial information. We can give no assurance that any material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or adequate disclosure controls and procedures or circumvention of these controls. In addition, controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock could decline. Failure to comply with reporting requirements could also subject us to sanctions and/or investigations by the SEC, the NASDAQ Stock Market or other regulatory authorities.

Prior to its acquisition by us, USC was a private company and has not previously been subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC or other corporate governance requirements.

USC was a private company, and prior to its acquisition by us in April 2011 has not been subject to the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC, or other corporate governance requirements to which public reporting companies may be subject. As a result, we are required to implement the appropriate internal control processes and procedures over USC's financial accounting and reporting. The combined company may incur significant legal, accounting and other expenses in efforts to ensure that USC meets these requirements. Implementing the controls and procedures at USC that are required to comply with the various applicable laws and regulations may place a significant burden on our management and internal resources. The diversion of management's attention and any difficulties encountered in such an implementation could adversely affect our business, financial condition and operating results.

If we are unable to maintain an effective sales and marketing infrastructure, USC's success in selling products will be inhibited.

USC has internal sales and marketing employees that assist in marketing and selling of its products, and USC also has arrangements with independent contractors and sales representatives who assist in the marketing and selling of its products. If USC's sales increase in the future, it may need to expend significant resources to further grow its internal infrastructure and properly train sales personnel, including without limitation with respect to regulatory compliance matters. We may also choose to engage or enter into other arrangements with third parties to provide sales and marketing services for USC in place of or to supplement USC's internal commercialization infrastructure. We may not be able to secure sales personnel or relationships with third-party sales organizations that are adequate in number or expertise to successfully market and sell USC's products and services. Further, any third party organizations we may seek to partner with or engage may not be able to provide sales and marketing services in accordance with our expectations and standards. A failure to maintain compliant and adequate sales and marketing capabilities, through USC's and our own internal infrastructure or third-party services or other arrangements, could have a material adverse effect on USC's and our business, financial conditions and results of operations.

USC's formulations and technologies could potentially conflict with the rights of others.

The preparation or sale of USC's formulations and use of USC's technologies may infringe on the patent or other intellectual property rights of others. If USC's products infringe or conflict with the patent or other intellectual property rights of others, third parties could bring legal actions against us claiming damages and seeking to enjoin our manufacturing and marketing of the affected products. Patent litigation is costly and time consuming and may divert management's attention and our resources. We may not have sufficient resources to bring any such actions to a successful conclusion. If we are not successful in defending against these legal actions should they arise, we may be subject to monetary liability or be forced to alter our products, cease some or all of our operations relating to the affected products, or seek to obtain a license in order to continue manufacturing and marketing the affected products, which may not available on acceptable terms or at all.

Risks Related to Regulation

Our business is significantly impacted by state and federal statutes and regulations, including regulatory risks associated with operation of USC's 503B registered outsourcing facility.

The marketing and sale of compounded formulations is subject to and must comply with extensive and evolving state and federal statutes and regulations governing compounding pharmacies. These statutes and regulations include, among other things, for certain kinds of compounding pharmacies restrictions on compounding for office use or in advance of receiving a patient-specific prescription or, for outsourcing facilities registered under Section 503B of the FDCA such as USC's registered outsourcing facility, requirements regarding preparation, such as regular FDA inspections and cGMP requirements, prohibitions on compounding drugs that are essentially copies of FDA-approved drugs, limitations on the volume of compounded formulations that may be sold across state lines, and prohibitions on wholesaling or reselling. These and other restrictions on the activities of compounding pharmacies and outsourcing facilities may limit the market available for compounded formulations, as compared to the market available for FDA-approved drugs.

USC's pharmacy business is impacted by federal and state laws and regulations governing, among other things: the purchase, distribution, management, compounding, dispensing, reimbursement, marketing and labeling of prescription drugs and related services; FDA and/or state regulation affecting the pharmacy and pharmaceutical industries, including state pharmacy, manufacturer, wholesaler and distribution licensure and registration or permit standards; rules and regulations issued pursuant to HIPAA, and other state and federal laws related to the use, disclosure and transmission of health information; and state and federal controlled substance laws. USC's or our failure to comply with any of these laws and regulations could severely limit or curtail USC's or our pharmacy operations, which could materially harm USC's and our business, financial conditions and results of operations. Further, our business could be adversely affected by changes in these or any newly enacted laws and regulations, as well as federal and state agency interpretations of such statutes and regulations. We could incur significant costs in order to comply with such regulations.

We are subject to significant costs and uncertainties related to compliance with the extensive regulations that govern the compounding, labeling and distribution of pharmaceutical products and services, in general, and compounded formulations, in particular. If our compounding facility fails to comply with the Controlled Substances Act, FDCA, or state statutes and regulations, USC could be required to cease operations or become subject to restrictions that could adversely affect our business.

The production, distribution, processing, formulation, packaging and labeling of pharmaceutical products and services such as USC's compounded formulations are subject to extensive regulation by federal agencies, including the FDA and the DEA. We and USC are also subject to a significant number of state and local laws and regulations. Compliance with these federal, state and local laws and regulations, including compliance with any newly enacted regulations, requires the substantial expenditure of time, money and effort. Failure to comply with FDA requirements and other federal or state governmental laws and regulations can result in fines, disgorgement, unanticipated compliance expenditures, recall or seizure of products, exposure to product liability claims, total or partial suspension of production or distribution, enforcement actions, injunctions and civil or criminal prosecution, any of which could have a material adverse effect on USC's and our business, financial condition or results of operations. Further, the publicity of any violations or perceived violations of these laws and regulations could result in significant reputational harm to USC's or our business.

The federal, state and local laws and regulations applicable to the pharmaceutical and compounding industries are subject to frequent change, whether through change in law or through interpretation. Changes in these laws and regulations may require changes to USC's or our business and operations that may be difficult to implement and require significant expenditures. For example, as a result of the increased scrutiny resulting from the 2012 meningitis outbreak that was traced to a Massachusetts compounding pharmacy, in 2013 the U.S. Congress passed the DQSA, which sets forth new standards applicable to outsourcing facilities such as USC's and invites voluntary registration with the FDA. The DQSA also permits states to continue to impose separate regulatory requirements. Under the DQSA, USC has registered with the FDA as a Section 503B outsourcing facility and has implemented policies and procedures that are intended to achieve compliance with the DQSA requirements for such facilities. However, there can be no assurance that we or USC are fully compliant with these requirements, and any failure to comply may result in additional costs to bring such facilities into compliance. Moreover, the FDA continues to issue draft and final guidance under the DQSA, including those relating to cGMPs, which may require further changes to USC's business, facilities or processes, some of which may be significant.

State legislatures and regulatory authorities also reacted to the fungal meningitis outbreak by imposing additional regulatory requirements on compounding activities for outsourcing compounders and reminding outsourcing compounders of regulatory requirements already in effect. Since 2012, the FDA has convened a number of inter-governmental working meetings with government officials from each state, the District of Columbia and Puerto Rico, to discuss topics such as oversight of compounding, including the implementation of the DQSA, and opportunities to better protect public health by strengthening oversight of compounders through improved collaboration between the FDA and the states. As a result of such meetings, the FDA and the states committed, among other things, to enhance inter-agency communication surrounding the implementation of the DQSA, which may lead to additional guidance or regulation in the future. If federal, state or local regulatory authorities place new restrictions or limitations on USC's or our operations, USC's or our business, financial conditions or results of operations could be materially adversely affected.

State pharmacy laws require facilities dispensing or distributing into that state to be licensed accordingly, and many states require separate licenses for the various activities that USC performs. Various state pharmacy boards have enacted laws and/or adopted rules or regulations directed at restricting the operation of out-of-state pharmacies by, among other things, requiring compliance with all laws of the states into which the out-of-state pharmacy dispenses medications, whether or not those laws conflict with the laws of the state in which the pharmacy is located, or requiring the pharmacist-in-charge to be licensed in that state.

Pharmacy and controlled substance laws often address the qualification of an applicant's personnel, the adequacy of its prescription fulfillment and inventory control practices and the adequacy of its facilities, and subject pharmacies to oversight by state boards of pharmacy and other regulators that could impose burdensome requirements or restrictions on operations if a pharmacy is found not to comply with these laws. If our or USC's activities fail to comply with such requirements, we could be forced to permanently or temporarily cease or limit the applicable compounding operations, which could severely limit USC's ability to market and sell formulations in such states and could materially harm USC's and our business, financial condition and results of operations. Any such noncompliance could also result in complaints or adverse actions by other state boards of pharmacy, FDA inspection of the facility to determine compliance with the FDCA, loss of FDCA exemptions provided under Section 503A or 503B, warning letters, injunctions, prosecution, fines and loss of required government licenses, certifications and approvals, any of which could involve significant costs and adversely affect our business, financial condition and results of operations.

Further, the FDA is seeking to limit, under Section 503A of the FDCA, the amount of compounded products that a pharmacy not registered as an outsourcing facility under Section 503B of the FDCA can dispense interstate. The interpretation and enforcement of this provision is dependent on the FDA entering into a standard Memorandum of Understanding (MOU) with each state setting forth limits on interstate compounding. The current draft standard MOU presented by the FDA in February 2015 would limit interstate shipments of compounded drug units to 30% of all compounded and non-compounded units dispensed or distributed by the pharmacy per month. The FDA has stated in guidance issued in February 2015 that it will not enforce interstate restrictions until after it publishes a final standard MOU and has made it available to states for signature for some designated period of time. If the final standard MOU is not signed by a particular state, then interstate shipments of compounded preparations from a pharmacy located in that state and not registered as an outsourcing facility would be limited to quantities not greater than 5% of total prescription orders dispensed or distributed by the pharmacy (the 5% rule); however, we are not aware that the FDA currently enforces or has in the past enforced the 5% rule and, under current draft guidance, the FDA has stated that it will not enforce the 5% rule until a standard MOU has been made available to states for signature. The FDA has proposed a 180-day period for states to agree to the standard MOU after the final version is presented, after which it would begin to enforce the 5% rule. Until a final MOU is issued and presented to states to consider, the extent of interstate dispensing restrictions imposed by Section 503A is unknown. However, if the final standard MOU contains a 30% limit on interstate distribution or if the FDA begins to enforce the 5% rule, certain aspects of our pharmacy operations could be limited.

In the future, we may not be able to satisfy applicable federal and state licensing and other requirements for USC's pharmacy business in a timely manner or at all, changes to federal and state pharmacy regulations may restrict compounding operations or make them more costly, we may be unable to achieve a sufficient physician and patient customer base to sustain our pharmacy operations, or market acceptance of compounding pharmacies generally may be curtailed or delayed.

We must compound in conformity with applicable cGMP requirements; failure to maintain compliance with applicable cGMP requirements may prevent or delay the compounding or marketing of our compounded preparations.

USC's 503B outsourcing facility operations must continually adhere to (i) applicable cGMP requirements, which are issued and enforced by the FDA through regulations and guidance and interpreted and enforced through its inspection programs, and (ii) sterile product requirements under applicable state law, such as General Chapter <797> ("USP <797>"), published by the U.S. Pharmacopeia (USP) Convention, a scientific standard-setting organization, which have been codified in many states and which have historically been enforced by applicable state boards of pharmacy through inspection programs but are also enforceable by the FDA. In complying with applicable cGMPs and USP <797>, we must expend time, money and effort in production, record-keeping and quality control to ensure that USC's products and services meet applicable specifications and requirements. In July 2014, the FDA issued draft guidance for cGMPs for human drug compounding outsourcing facilities, such as USC's. Because this cGMP draft guidance has not been finalized and may be significantly changed prior to being made final, we may need to expend substantial additional resources to comply with the final applicable cGMPs, along with any additional modifications over time.

The FDA and other governmental entities enforce compliance with regulations and guidance through periodic risk-based inspections. We received FDA Form 483 observations following inspections in 2014 and 2015. If any of these entities were to deem inspectional observations at USC's facilities or our responses to such observations to be unsatisfactory, operations at such facility could be interrupted or halted, and we may incur unanticipated compliance expenditures and be subject to enforcement actions such as recall or seizure of USC products, injunctions, civil penalties and criminal prosecution. In addition, any regulatory deficiencies or suspension resulting in compounding interruptions or halts may disrupt USC's or our ability to meet our production and contractual obligations to USC's customers and lead to significant delays in the availability of USC's compounded preparations, which could have a material adverse effect on USC's and our business, results of operations and financial condition. Similarly, any adverse publicity associated with any such events could have a material impact on USC's and our reputation and results of operations.

Certain of USC's customers are contractually permitted to inspect USC's facilities to ensure compliance with industry standards. The failure to achieve a compliance level satisfactory to such customers may result in immediate contract termination, penalties or volume reductions or loss of customers immediately or upon the expiration of existing contracts.

Certain of USC's compounded preparations contain controlled substances, and extensive regulation of such controlled substances could have a negative effect on our business, financial conditions or results of operations.

Certain of USC's compounded preparations contain controlled substances or "listed chemicals," which are subject to extensive regulation by the DEA regarding procurement, manufacture, storage, shipment, sale and use. These regulations are also imposed on USC and its suppliers, vendors and customers and add additional complications and costs to the storage, use, sale and distribution of such products. Government quotas on controlled substances limit the supply of components for certain of USC's compounded preparations and restrict the ability to distribute those preparations. Our inability to obtain authorization from the DEA to procure controlled substances used in USC's compounded preparations could have an adverse impact on USC's and our business, financial condition and results of operations.

The FDA and the DEA review the safety of controlled substances on an ongoing basis, and it is possible that these regulatory agencies could impose additional restrictions on marketing or distribution of such products or services, or could withdraw regulatory approval for materials that USC uses as components in its products or services. Failure to comply with relevant regulations governing controlled substances could result in civil penalties, refusal to renew necessary registrations, initiation of proceedings to revoke such registrations, reductions of the amounts of controlled substances that USC may obtain and, in certain circumstances, criminal prosecution. If the FDA or the DEA withdraw the approval of, or placed additional significant restrictions on, USC's products or the components used in them, sales of USC products and the ability to promote USC products and services could be materially and adversely affected. Also, the DEA or applicable state regulatory bodies may in the future seek to regulate additional ingredients in USC's compounded preparations as controlled substances or listed chemicals.

USC and its customers are subject to a variety of federal, state and local laws and regulations relating to the general healthcare industry, which are subject to frequent change.

Participants in the healthcare industry, including USC and its suppliers and customers, are subject to a variety of federal, state and local laws and regulations. Laws and regulations in the healthcare industry are extremely complex and, in many instances, industry participants do not have the benefit of significant regulatory or judicial interpretation. Though certain of these healthcare laws and regulations are not directly applicable to USC or us, they may be applicable to USC's customers, third-party vendors and other supply chain partners. For example, the PPACA was enacted in 2010, and many of the structural changes enacted by the PPACA were implemented in 2014. However, some of the applicable regulations and sub-regulatory guidance under the PPACA have not yet been issued or finalized. These reforms affect the coverage and plan designs that are or will be provided by many of USC's customers' third party payors. As a result, such reforms could affect the ability of our USC's to purchase USC products or services and, as a result, adversely impact our revenues. We cannot predict what effect, if any, the PPACA, related regulations and sub-regulatory guidance may have on USC's or our business.

In addition, we are subject to the federal anti-kickback statute, which prohibits the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of business or ordering of services paid for by Medicare or other federal programs. Violations of the anti-kickback statute can result in imprisonment, civil or criminal fines. Any violation or alleged violation of such federal or state laws could harm USC's or our reputation, customer relationships or otherwise have a material adverse effect on our business, financial condition and results of operations.

Such laws and regulations are subject to change and often are uncertain in their application. As controversies continue to arise in the healthcare industry, federal, state and local regulation and enforcement priorities may increase. There can be no assurance that USC, or one of its customers, third party vendors or other supply chain partners, will not be subject to scrutiny or challenge under one or more of these laws or regulations or that any such challenge would not be successful. Any such challenge, whether or not successful, could adversely affect USC's or our business, financial condition or results of operations.

Changes in the healthcare industry that are beyond our control may have an adverse impact on our business.

The healthcare industry is changing rapidly as consumers, governments, medical professionals and the pharmaceutical industry examine ways to broaden medical coverage while controlling the increase in healthcare costs. Such changes could include changes to make the government's Medicare reimbursement programs more restrictive, which could limit or curtail the potential for USC's formulations to obtain eligibility for reimbursement from such payors, or changes to expand the reach of HIPAA or other health privacy laws, which could make compliance with these laws more costly and burdensome. Further, the Health Reform Law may have a considerable impact on the existing U.S. system for the delivery and financing of health care and could adversely affect USC's or our business. Any changes to laws and regulations affecting the healthcare industry could impose significant additional costs on USC's and our operations in order to maintain compliance or could otherwise negatively affect USC's or our business, financial conditions or results of operations.

Risks Related to Our Common Stock

Provisions of our charter documents could discourage an acquisition of our company that would benefit our stockholders and may have the effect of entrenching, and making it difficult to remove, management.

Provisions of our restated certificate of incorporation and bylaws may make it more difficult for a third party to acquire control of us, even if a change of control would benefit our stockholders. For example, shares of our preferred stock may be issued in the future without further stockholder approval, and upon such terms and conditions, and having such rights, privileges and preferences, as our board of directors may determine, including, for example, rights to convert into our common stock. The rights of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any of our preferred stock that may be issued in the future. The issuance of our preferred stock could have the effect of making it more difficult for a third party to acquire control of us. This could limit the price that certain investors might be willing to pay in the future for shares of our common stock and discourage those investors from acquiring a majority of our common stock. Similarly, our bylaws require that any stockholder proposals or nominations for election to our board of directors must meet specific advance notice requirements and procedures, which make it more difficult for our stockholders to make proposals or director nominations. The existence of these charter provisions could have the effect of entrenching management and making it more difficult to change our management. Furthermore, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit or restrict large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us, unless one or more exemptions from such provisions apply. These provisions under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock in the future.

The price of our common stock may be volatile.

The market price of our common stock may fluctuate substantially. For example, from January 2015 to December 31, 2016, the market price of our common stock has fluctuated between $2.50 and $10.12. Market prices for securities of early-stage pharmaceutical, biotechnology and other life sciences companies have historically been particularly volatile. Some of the factors that may cause the market price of our common stock to fluctuate include:

- relatively low trading volume, which can result in significant volatility in the market price of our common stock based on a relatively smaller number of trades and dollar amount of transactions;
- the timing and results of our current and any future preclinical or clinical trials of our product candidates;
- the entry into or termination of key agreements, including, among others, key collaboration and license agreements;
- the results and timing of regulatory reviews relating to the approval of our product candidates;
- the initiation of, material developments in, or conclusion of, litigation to enforce or defend any of our intellectual property rights;
- failure of any of our product candidates, if approved, to achieve commercial success;
- general and industry-specific economic conditions that may affect our research and development expenditures;
- the results of clinical trials conducted by others on products that would compete with our product candidates;
- issues in manufacturing our product candidates or any approved products;
- the loss of key employees;
- the introduction of technological innovations or new commercial products by our competitors;
- changes in estimates or recommendations by securities analysts, if any, who cover our common stock;
- future sales of our common stock;
- period-to-period fluctuations in our financial results;
- publicity or announcements regarding regulatory developments relating to our products;
- period-to-period fluctuations in our financial results, including our cash and cash equivalents balance, operating expenses, cash burn rate or revenue levels;
- common stock sales in the public market by one or more of our larger stockholders, officers or directors;
- our filing for protection under federal bankruptcy laws;
- a negative outcome in any litigation or potential legal proceeding; or
- other potentially negative financial announcements, such as a review of any of our filings by the SEC, changes in accounting treatment or restatement of previously reported financial results or delays in our filings with the SEC.

The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our profitability and reputation.

Trading of our common stock is limited.

Trading of our common stock is limited, and trading restrictions imposed on us by applicable regulations may further reduce our trading, making it difficult for our stockholders to sell their shares.

Prior to the listing of our common stock on the NASDAQ Capital Market, trading of our common stock was conducted on the OTCQB. The liquidity of our common stock is limited, not only in terms of the number of shares that can be bought and sold at a given price, but also as it may be adversely affected by delays in the timing of transactions and reduction in security analysts' and the media's coverage of us, if at all.

The foregoing factors may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and asked prices for our common stock. In addition, without a large public float, our common stock is less liquid than the stock of companies with broader public ownership, and as a result, the trading price of our common stock may be more volatile. In the absence of an active public trading market, an investor may be unable to liquidate his or her investment in our common stock. Trading of a relatively small volume of our common stock may have a greater impact on the trading price of our stock than would be the case if our public float were larger. We cannot predict the price at which our common stock will trade at any given time.

Our common stock could become subject to additional trading restrictions as a "penny stock," which could adversely affect the liquidity and price of such stock. If our common stock became subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in our securities may be adversely affected.

Prior to the listing of our common stock on the NASDAQ Capital Market, our common stock was traded on the OTCQB. The OTCQB, the OTC Bulletin Board and Pink Sheets are viewed by most investors as a less desirable, and less liquid, marketplace. As a result, if our common stock was delisted from the NASDAQ Capital Market and was traded on the OTCQB, the OTC Bulletin Board or the Pink Sheets, an investor could find it more difficult to purchase, dispose of or obtain accurate quotations as to the value of our common stock.

Unless our common stock is listed on a national securities exchange, such as the NASDAQ Capital Market, our common stock may also be subject to the regulations regarding trading in "penny stocks," which are those securities trading for less than $5.00 per share, and that are not otherwise exempted from the definition of a penny stock under other exemptions provided for in the applicable regulations. The following is a list of the general restrictions on the sale of penny stocks:

- Before the sale of penny stock by a broker-dealer to a new purchaser, the broker-dealer must determine whether the purchaser is suitable to invest in penny stocks. To make that determination, a broker-dealer must obtain, from a prospective investor, information regarding the purchaser's financial condition and investment experience and objectives. Subsequently, the broker-dealer must deliver to the purchaser a written statement setting forth the basis of the suitability finding and obtain the purchaser's signature on such statement.
- A broker-dealer must obtain from the purchaser an agreement to purchase the securities. This agreement must be obtained for every purchase until the purchaser becomes an "established customer."
- The Securities Exchange Act of 1934, or the Exchange Act, requires that before effecting any transaction in any penny stock, a broker-dealer must provide the purchaser with a "risk disclosure document" that contains, among other things, a description of the penny stock market and how it functions and the risks associated with such investment. These disclosure rules are applicable to both purchases and sales by investors.
- A dealer that sells penny stock must send to the purchaser, within 10 days after the end of each calendar month, a written account statement including prescribed information relating to the security.

These requirements can severely limit the liquidity of securities in the secondary market because fewer brokers or dealers are likely to be willing to undertake these compliance activities. If our common stock is not listed on a national securities exchange, the rules and restrictions regarding penny stock transactions may limit an investor's ability to sell to a third party and our ability to raise additional capital. We make no guarantee that market-makers will make a market in our common stock, or that any market for our common stock will continue.

Our stockholders may experience significant dilution as a result of any additional financing using our securities, as the result of the exercise or conversion of our outstanding securities.

We will need to raise significant additional capital in order to maintain and continue our operations. To the extent that we raise additional funds by issuing equity securities or securities convertible into or exercisable for equity securities, our stockholders may experience significant dilution. In addition, conversion or exercise of other outstanding options, warrants or convertible securities could result in there being a significant number of additional shares outstanding and dilution to our stockholders. Certain of our outstanding securities include anti-dilution provision providing that, with certain exceptions, if we issue shares of common stock or options, warrants, convertible securities or other common stock equivalents, at an effective price per share less than the conversion or exercise price of such securities, the conversion or exercise price of such securities (and, in certain circumstances, the number of shares issuable upon exercise or conversion of such securities) will be adjusted downward to equal the per share price of the securities issued in such transaction, entitling the holders to pay a lower per share exercise price and/or to acquire a larger number of shares upon exercise or conversion of such securities, which could result in dilution to our stockholders. As a result, sale of additional equity or convertible securities at prices below certain levels could trigger anti-dilution provisions with respect to certain securities we have previously sold. In addition, if additional funds are raised through the issuance of preferred stock, holders of preferred stock would likely have rights that are senior to the rights of holders of our common stock, and the agreements relating to any such issuance could contain covenants that would restrict our operations.

We have not paid cash dividends on our common stock in the past and do not expect to pay cash dividends on our common stock for the foreseeable future. Any return on investment may be limited to the value of our common stock.

No cash dividends have been paid on our common stock, and we do not expect to pay cash dividends on our common stock in the foreseeable future. Payment of dividends would depend upon our profitability at the time, cash available for those dividends, and other factors as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on a stockholder's investment will only occur if our stock price appreciates.

A sale of a substantial number of shares of our common stock may cause the price of our common stock to decline and may impair our ability to raise capital in the future.

There have been and may continue to be periods when our common stock could be considered "thinly-traded," meaning that the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small or non-existent. Finance transactions resulting in a large amount of newly issued shares that become readily tradable, conversion of outstanding convertible notes or exercise of outstanding warrants and sale of the shares issuable upon conversion of such notes or exercise of such warrants, or other events that cause stockholders to sell shares, could place downward pressure on the trading price of our stock. In addition, the lack of a robust resale market may require a stockholder who desires to sell a large number of shares of common stock to sell the shares in increments over time to mitigate any adverse impact of the sales on the market price of our stock. If our stockholders sell, or the market perceives that our stockholders intend to sell for various reasons, substantial amounts of our common stock in the public market, the market price of our common stock could decline. Sales of a substantial number of shares of our common stock may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We may never obtain substantial research coverage by industry or financial analysts. If no or few analysts commence or continue coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts who cover us downgrade our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

The rights of the holders of common stock may be impaired by the potential issuance of preferred stock.

Our restated certificate of incorporation gives our board of directors the right to create new series of preferred stock. As a result, the board of directors may, without stockholder approval, issue preferred stock with voting, dividend, conversion, liquidation or other rights which could adversely affect the voting power and equity interest of the holders of common stock. Preferred stock, which could be issued with the right to more than one vote per share, could be utilized as a method of discouraging, delaying or preventing a change of control. The possible impact on takeover attempts could adversely affect the price of our common stock.

Future sales of substantial amounts of our common stock, or the possibility that such sales could occur, could adversely affect the market price of our common stock.

We expect to incur research, development and selling, general and administrative costs, and to satisfy our funding requirements we will need to sell additional equity securities, which may be subject to registration rights, and warrants with anti-dilutive protective provisions. Future sales in the public market of our common stock, or shares issued upon exercise of our outstanding stock options, warrants or convertible securities, or the perception by the market that these issuances or sales could occur, could lower the market price of our common stock or make it difficult for us to raise additional capital. Our stockholders may experience substantial dilution and a reduction in the price that they are able to obtain upon the sale of their shares. Also, new equity securities issued may have greater rights, preferences or privileges than our existing common stock.

As of March 30, 2017, we had 22,634,713 shares of common stock issued and outstanding, substantially all of which we believe may be sold publicly, subject in some cases to volume and other limitations, provisions or limitations in registration rights agreements, or prospectus-delivery or other requirements relating to the effectiveness and use of registration statements registering the resale of such shares.

As of March 30, 2017, we had reserved for issuance 6,290,481 shares of our common stock issuable upon the exercise of outstanding stock options under our equity incentive plans at a weighted-average exercise price of $5.12 per share, and we had outstanding warrants to purchase 9,012,469 shares of common stock. Subject to applicable vesting requirements, upon exercise of these options or warrants, the underlying shares may be resold into the public market, subject in some cases to volume and other limitations or prospectus delivery requirements pursuant to registration statements registering the resale of such shares. In the case of outstanding options or warrants that have exercise prices that are below the market price of our common stock from time to time, our stockholders would experience dilution upon the exercise of these options.

Some of our outstanding warrants may result in dilution to our stockholders.

As of December 31, 2016, we had outstanding warrants, other than the warrants described in the next sentence, to purchase 8,194,044 shares of common stock, including the 7,899,263 shares of common stock issuable upon exercise of the convertible preferred stock and Common Stock warrants, at a weighted average exercise price of $3.38 per share. As of December 31, 2016, 1,000,000 shares of our common stock were issuable upon exercise of warrants at an exercise price equal to the par value of $0.0001 per share that we issued to the Bank as collateral for the $2 million working capital line of credit, exercisable only if the Company is in default under the loan agreement or related bank documents; and 7,899,263 shares of our common stock were issuable (subject to certain beneficial ownership limitations) upon exercise of warrants that we issued in the following private placement transactions: warrants to purchase 1,418,439 shares at an exercise price of $3.40 per share in our August 2014 Series A Convertible Preferred Stock transaction, warrants to purchase 1,183,432 shares at an exercise price of $4.10 per share in our January 2016 Series A-1 Convertible Preferred Stock transaction; warrants to purchase 1,724,137 shares at an exercise price of $2.90 per share in our July 2016 Series A-2 Convertible Preferred transaction; warrants to purchase 3,573,255 shares at an exercise price of $2.98 per share in our August 2016 registered direct offering of common stock and warrants; and 625,013 shares of Series A-2 Convertible Preferred Stock were convertible on a one-for-one basis (subject to certain beneficial ownership limitations) into 625,013 shares of common stock.

Our principal stockholders have significant influence over us, they may have significant influence over actions requiring stockholder approval, and your interests as a stockholder may conflict with the interests of those persons.

Based on the number of outstanding shares of our common stock held by our stockholders as of March 30, 2017, our directors, executive officers and their respective affiliates owned approximately 6% of our outstanding shares of common stock and our largest stockholder owned approximately 7% of the outstanding shares of our common stock. In addition, certain holders of our convertible preferred stock and warrants to purchase shares of our convertible preferred stock beneficially own approximately 9.9% of our outstanding shares of common stock, giving effect to the beneficial ownership limitations that apply with respect to such shares of preferred stock and warrants. As a result, those stockholders have the ability to exert a significant degree of influence with respect to the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. The interests of these persons may not always coincide with our interests or the interests of our other stockholders. This concentration of ownership could harm the market price of our common stock by (i) delaying, deferring or preventing a change in corporate control, (ii) impeding a merger, consolidation, takeover or other business combination involving us, or (iii) discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. The significant concentration of stock ownership may adversely affect the trading price of our common stock due to investors' perception that conflicts of interest may exist or arise.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's principal headquarters consisting of approximately 7,525 square feet of leased premises is located at 11682 El Camino Real, Suite 300, San Diego, CA 92130. The Company occupies this space pursuant to a sublease agreement with a term that expired on November 30, 2014; rent during the term was $15,050 per month. The Company has entered into a lease agreement to lease the same space with a term commencing December 1, 2014. The lease has a basic term expiring four years after the commencement date, and the Company has an option to extend the term of the lease for an additional three years. Average rent during the term will be $23,304 per month, with a deposit of $170,000 paid in November 2014. Through December 2016, $85,000 of the deposit was applied to rent and the balance of deposit as of December 31, 2016 was $85,000.

The Company's wholly owned subsidiary, USC, occupies a Company owned property consisting of approximately 16,065 square feet, two-story, office building/laboratory in a lot of approximately 1.65 acres located at 1270 Don's Lane, Conway, Arkansas 72032.

ITEM 3. LEGAL PROCEEDINGS

We are and may become involved in or subject to routine litigation, claims, disputes, proceedings and investigations in the ordinary course of business. Any such litigation could divert management time and attention from Adamis, could involve significant amounts of legal fees and other fees and expenses, or could have a material adverse effect on our financial condition, cash flows or results of operations.

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

Price Range of Common Stock

Our common stock is traded on the Nasdaq Capital Market under the trading symbol "ADMP." The following table sets forth the range of high and low sales prices for the common stock as reported for the periods indicated below.

	High	Low
Fiscal 2015		
First Quarter *(January 2015 to March 2015)*	$ 7.07	$ 3.83
Second Quarter *(April 2015 to June 2015)*	$ 4.99	$ 3.77
Third Quarter *(July 2015 - September 2015)*	$ 4.63	$ 3.25
Fourth Quarter (October 2015 to December 2015)	$ 5.56	$ 3.76
Fiscal 2016		
First Quarter *(January 2016 - March 2016)*	$ 6.63	$ 4.02
Second Quarter (*April 2016 to June 2016*)	$ 10.12	$ 2.62
Third Quarter (*July 2016 to September 2016*)	$ 3.47	$ 2.57
Fourth Quarter (*October 2016 to December 2016*)	$ 3.35	$ 2.50

As of December 31, 2016, we had approximately 93 common stock holders of record. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of our common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

Dividend Policy

We have never declared or paid any cash dividends on our common stock, and we do not intend to do so in the foreseeable future. Accordingly, our stockholders will not receive a return on their investment unless the value of our shares increases, which may or may not occur. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements, any applicable contractual restrictions and such other factors as our deems relevant.

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2016, information with respect to our equity compensation plans, including our 1995 Equity Incentive Plan, the 1995 Directors' Stock Option Plan, the 2005 Equity Incentive Plan and the 2009 Equity Incentive Plan, and with respect to certain other options and warrants.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1) (a)	Weighted average exercise price of outstanding options, warrants and rights (1) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (2) (c)
Equity compensation plans approved by security holders	4,320,409	$ 6.06	3,631,305

(1) Excludes shares issuable upon exercise of restricted stock units, which do not have an exercise price.

(2) Under the Company's 2009 Equity Incentive Plan, the number of shares available for issuance under the plan increases automatically increase on January 1st of each year in an amount equal to the lesser of (i) five percent of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year, or (ii) a lesser number of shares of Common Stock determined by the board of directors before the start of a calendar year for which an increase applies.

Recent Sales of Unregistered Securities

Information concerning our sales of unregistered securities during the year ended December 31, 2016, has previously been reported in reports on Form 10-Q and reports on Form 8-K that we filed during that fiscal year.

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

The following discussion and analysis of financial condition and results of operations should be read together with the consolidated financial statements and accompanying notes of the Company appearing elsewhere in this Report. This discussion of our financial condition and results of operations contains certain statements that are not strictly historical and are "forward-looking" statements and involve a high degree of risk and uncertainty. Actual results may differ materially from those projected in the forward-looking statements due to other risks and uncertainties that exist in our operations, development efforts and business environment, including those set forth in this Item 7, and in the sections entitled "1A. Risk Factors" and "1. Business" in this Report and uncertainties described elsewhere in this Report. All forward-looking statements included in this Report are based on information available to the Company as of the date hereof.

General

Company Overview

We are a specialty biopharmaceutical company focused on developing and commercializing products in the therapeutic areas of respiratory disease and allergy. We are currently developing several products in the allergy and respiratory markets, including our Epinephrine Injection pre-filled syringe, or PFS, product for use in the emergency treatment of acute allergic reactions, including anaphylaxis; albuterol (APC-2000) and fluticasone (APC-4000) dry powder inhaler, or DPI, products for the treatment of bronchospasm and asthma, respectively; and beclomethasone (APC-1000), a metered dose inhaler product for the treatment of asthma. Our goal is to create low cost therapeutic alternatives to existing treatments. Consistent across all specialty pharmaceuticals product lines, we intend to submit Section 505(b)(2) New Drug Applications, or NDAs, or Section 505(j) Abbreviated New Drug Applications or ANDAs, and regulatory approval filings, to the U.S. Food and Drug Administration, or FDA, whenever possible, in order to potentially reduce the time to market and to save on costs, compared to those associated with Section 505(b)(1) NDAs for new drug products.

Our U.S. Compounding, Inc., subsidiary, or USC, which we acquired in April 2016 and which is registered as a drug compounding outsourcing facility under Section 503B of the U.S. Food, Drug & Cosmetic Act, as amended, or FDCA, and the U.S. Drug Quality and Security Act, or DQSA, provides prescription compounded medications, including compounded sterile preparations and nonsterile compounds, to patients, physician clinics, hospitals, surgery centers and other clients throughout most of the United States. USC's product offerings broadly include, among others, corticosteroids, hormone replacement therapies, hospital outsourcing products, injectables, urological preparations, ophthalmic preparations, topical compounds for pain and men's and women's health products. USC's compounded formulations in many circumstances are offered as alternatives to drugs approved by the FDA. USC also provides certain veterinary pharmaceutical products for animals.

To achieve our goals and support our overall strategy, we will need to raise a substantial amount of funding and make significant investments in, among other things, new product development and working capital.

NDA Filing Regarding Epinephrine PFS Product

On December 15, 2016, we resubmitted to the FDA our Section 505(b)(2) NDA application for approval for sale of our Epinephrine PFS product, for the emergency treatment of acute allergic reactions, including anaphylaxis. The resubmission was in response to a Complete Response Letter, or CRL, that we received from the FDA on June 6, 2016. On January 19, 2017, we announced that the FDA had accepted for review our resubmitted NDA. The FDA indicated that it considered the resubmission to be a complete response to the CRL. There are no assurances that the FDA will approve the resubmitted NDA and grant marketing approval for the Epinephrine PFS product.

Going Concern and Management Plan

Our independent registered public accounting firm has included a "going concern" explanatory paragraph in its report on our financial statements for the years ended December 31, 2016 and 2015 indicating that we have sustained substantial losses from continuing operations and have used, rather than provided, cash in its continuing operations, and incurred recurring losses from operations and have limited working capital to pursue our business alternatives. As of December 31, 2016, we had cash and cash equivalents of approximately $5.1 million, including approximately $1.0 million in restricted cash, an accumulated deficit of approximately $88.5 million, and liabilities of approximately $12.5 million. We will need significant funding to continue operations, satisfy our obligations and fund the future expenditures that will be required to conduct the clinical and regulatory work to develop our product candidates. Such additional funding may not be available, may not be available on reasonable terms, and could result in significant additional dilution to our stockholders. If we do not obtain required additional equity or debt funding, our cash resources will be depleted and we could be required to materially reduce or suspend operations, which would likely have a material adverse effect on our business, stock price and our relationships with third parties with whom we have business relationships, at least until additional funding is obtained.

The above conditions raise substantial doubt about our ability to continue as a going concern. The financial statements included elsewhere herein for the year ended December 31, 2016, were prepared under the assumption that we would continue our operations as a going concern, which contemplates the realization of assets and the satisfaction of liabilities during the normal course of business. In preparing these consolidated financial statements, consideration was given to our future business as described elsewhere herein, which may preclude us from realizing the value of certain assets. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. This basis of accounting contemplates the recovery of our assets and the satisfaction of liabilities in the normal course of business. Without additional funds from debt or equity financing, sales of assets, sales or out-licenses of intellectual property or technologies, or from a business combination or a similar transaction, we will soon exhaust our resources and will be unable to continue operations.

Our management intends to attempt to secure additional required funding through equity or debt financing, sales or out-licensing of product candidates or intellectual property assets, seeking partnerships with other pharmaceutical companies or third parties to co-develop and fund research and development efforts, or similar transactions, and through revenues from sales of compounded sterile formulations. However, there can be no assurance that we will be able to obtain any sources of funding. If we are unsuccessful in securing funding from any of these sources, we will defer, reduce or eliminate certain planned expenditures and delay development or commercialization of some or all of our products. If we do not have sufficient funds to continue operations, we could be required to seek bankruptcy protection or other alternatives that could result in our stockholders losing some or all of their investment in us.

Funding that we may receive during fiscal 2017 is expected to be used to satisfy existing obligations and liabilities and working capital needs, to begin building working capital reserves and to fund a number of projects, which may include, without limitation, some or all of the following:

- continue development and commercialization of our Epinephrine PFS product;
- continue development of our allergy and respiratory product candidates;
- continue development of the DPI product candidates;
- pursue the development of other product candidates that we may develop or acquire;
- fund clinical trials and seek regulatory approvals;
- expand research and development activities;
- access manufacturing, commercialization and sales capabilities;
- implement additional internal systems and infrastructure;
- maintain, defend and expand the scope of our intellectual property portfolio;
- acquire products, technologies, intellectual property or companies and support continued development and funding thereof;
- hire additional management, sales, research, development and clinical personnel; and
- help fund the operations and capital expenditures of USC.

Results of Operations

Our consolidated results of operations are presented for the year ending December 31, 2016 and for the year ending December 31, 2015.

Years Ended December 31, 2016 and 2015

Revenues. Revenues were approximately $6,474,000 and $0 for the years ended December 31, 2016 and 2015, respectively. The revenues for the year ended December 31, 2016, reflect our acquisition of USC effective April 11, 2016, and consist of revenues after that date from sales of products by USC, but do not include revenues of USC before the closing date of the acquisition. Revenues for the year were adversely affected by the suspension of USC's sterile compounded formulations, product recall and remediation efforts in the third and fourth quarters of 2015 and the first quarter of 2016. USC resumed production and sales of compounded sterile formulations in March - April 2016. The suspension of production and sales of compounded sterile formulations adversely affected USC's relationships with certain of its customers and with certain of USC's independent contractors and sales representatives, and resulted in revenues in 2016 that were less than our expectations.

Cost of Sales. Cost of sales was approximately $4,854,000 and $0 for the years ended December 31, 2016 and 2015, respectively. We did not incur any cost of sales for the year ended December 31, 2015, as we did not have any revenues for the year ended December 31, 2015, as our acquisition of USC was completed in April 2016. The cost of sales for the year ended December 31, 2016, was affected by an obsolescence expense of approximately $331,000 as a result of a surplus in production of sterile products in mid-March to April 2016, when USC resumed the production of sterile products, in anticipation of a larger number of customer orders following the resumption of sterile production than actually occurred before the products became obsolete. Moreover, some chemicals in inventory intended for sterile products had expired before the chemicals could be used. Our cost of sales includes direct and indirect costs to manufacture formulations and sell products, including active pharmaceutical ingredients, personnel costs, packaging, storage, shipping and handling costs, the write-off of obsolete inventory and other related expenses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of depreciation and amortization, legal fees, accounting and audit fees, professional/consulting fees and employee compensation. Selling, general and administrative expenses for the years ended December 31, 2016 and 2015 were approximately $17,128,000 and $9,007,000, respectively. The increase was primarily due to expenses of approximately $7,777,000 relating to our USC subsidiary which we acquired in April 2016 and approximately $288,000 of USC acquisition related expenses. Expenses related to the commercialization activities of our Epinephrine PFS product candidate decreased by approximately $757,000 for 2016 compared to 2015. Compensation expense for General and Administrative employees increased by approximately $658,000 for 2016 compared to 2015, primarily due to salary increases, stock options granted and monthly accrual of bonus. Other increases in expenditures for the 2016 compared to 2015 included increases of approximately $155,000 for insurance, board of directors' fees and an increase in legal, accounting recruitment, SEC reporting fees and other expenses.

Research and Development Expenses. Our research and development costs are expensed as incurred. Non-refundable advance payments for goods and services to be used in future research and development activities are recorded as an asset and are expensed when the research and development activities are performed. Research and development costs were approximately $9,697,000 and $4,843,000 for the years ended December 31, 2016 and 2015, respectively. The increase in research and development expenses was due to the additional expense in product development, consisting mostly of expenditures related to product testing and product validation of approximately $4,776,000 relating primarily to our Epinephrine PFS and DPI product candidates and an initial trial relating to a veterinary product candidate, and an increase in regulatory fees. These amounts were somewhat offset by a reduction in development costs for our APC 3000, APC 2000, APC 1000 and TeloB-VAX product candidates of approximately $552,000. Compensation expense, which includes salaries, stock options, employee benefits and bonus accrual, increased by approximately $583,000 for the year ended December 31, 2016 compared to the 2015 year, primarily as a result of salary increases and additional options granted. Other increases of $47,000 in expenditures for the 2016 year compared to 2015 included USC's R&D expenses and increases in regulatory consulting, seminar fees and other expenses.

Other Income (Expenses). Other income for the years ended December 31, 2016 and 2015, was approximately $1,192,000 and approximately $278,000, respectively. Other Income (Expense) consists primarily of a change in fair value of warrants, change in fair value of derivative liabilities, and interest expense. The net change in fair value of warrants and derivatives resulted in a gain of approximately $1,397,000 for the year ended December 31, 2016, compared to a gain of approximately $278,000 for the year ended December 31, 2015. The fluctuation in the valuation of the warrants and warrant derivatives was primarily due to the changes in stock price, term and volatility. Debt related expense (Interest Expense) for the years ended December 31, 2016 and 2015 were approximately $214,000 and $0, respectively. The increase in debt related expenses for the 2016 year compared to the 2015 year was due to interest payments relating to the working capital loan in the principal amount of $2.0 million and other bank liabilities assumed in connection with the acquisition of USC in April 2016.

Income Tax Benefit. Income tax benefit for the years ended December 31, 2016 and 2015 was approximately $4,575,000 and $0, respectively. The Income Tax Benefit in 2016 was the tax benefit arising from the recognition of a deferred tax liability related to the identifiable intangibles recorded in connection with the Company's acquisition of USC. The tax benefit results from a reassessment of the valuation allowance in accordance with the Generally Accepted Accounting Principles for reporting business combinations. This tax benefit does not result in any cash saving benefits to the Company. See Note 19 to the financial statements appearing elsewhere herein.

Liquidity and Capital Resources

We have incurred net losses of approximately $19.4 million and $13.6 million for years ended December 31, 2016 and 2015, respectively. Since our inception, June 6, 2006, and through December 31, 2016, we have an accumulated deficit of approximately $88.5 million. Since inception and through December 31, 2016, we have financed our operations principally through debt financing and through private issuances of common stock and preferred stock. Since inception, we have raised a total of approximately $100.8 million in debt and equity financing transactions, consisting of approximately $23.5 million in debt financing and approximately $77.3 million in equity financing transactions. We expect to finance future cash needs primarily through proceeds from equity or debt financings, loans, sales of assets, out-licensing transactions, and/or collaborative agreements with corporate partners, and from revenues from out sale of compounded pharmacy formulations. We have used the net proceeds from debt and equity financings for general corporate purposes, which have included funding for research and development, selling, general and administrative expenses, working capital, reducing indebtedness, pursuing and completing acquisitions or investments in other businesses, products or technologies, and for capital expenditures. As part of our acquisition of USC in April of 2016, the Company assumed debt of approximately $5.7 million and entered into a secured $2 million line of credit agreement, both of which were included in the debt financing of $23.5 million referenced above.

Net cash used in operating activities from continuing operations for the years ended December 31, 2016 and 2015 were approximately $21.2 million and $10.3 million, respectively. Net cash used in operating activities increased due to the acquisition of USC and additional research and development costs, and increases in selling, general & administrative expenses. We expect net cash used in operating activities to increase in the future as we continue with product development and increase the growth of USC operations and other business activities, assuming that we are able to obtain sufficient funding.

Net cash provided by investing activities was approximately $261,000 and $0 for years ended December 31, 2016 and 2015, respectively. The net cash provided by investing activities increased due to the cash received from the acquisition of USC, offset by USC's purchase of additional equipment.

Net cash provided by financing activities was approximately $21.9 million and $10.6 million for the years ended December 31, 2016 and 2015, respectively. Net cash provided by financing activities increased primarily due to the issuance of common stock, preferred stock and proceeds of a bank loan in 2016 that generated net proceeds of approximately $21.9 million.

Loan Agreements

As we have previously disclosed in our SEC filings, in connection with our acquisition of USC and the transactions contemplated by the Merger Agreement relating to the USC acquisition, we assumed approximately $5,722,000 principal amount of debt obligations under two loan agreements and related loan documents relating to the building, real property and equipment that certain third parties agreed to transfer to the Company or USC in connection with the Merger, as well as the two loan agreements to which USC is a party, a working capital loan and an equipment loan, and related loan documents evidencing loans previously made to USC, and we agreed to become an additional co-borrower under the Loan Documents. The lender in all of the USC Loan Documents was First Federal Bank and/or its successor Bear State Bank, referred to as Lender or the Bank. In November 2016, we entered into amendments of our loan agreements with the Bank. Under the loan agreements, we are required to make current periodic interest and principal payments under the Amended Loan Documents, in an amount of approximately $55,000 per month; the amount of required interest payments is subject to change depending on future changes in interest rates. The balances of the USC Working Capital Line, Building Loan and Equipment Loan are due and payable on September 30, 2017, August 8, 2019 and October 1, 2019, respectively. Though the maturity dates of the USC loans may be extended at later dates. We also entered into a loan and security agreement with the Lender, referred to as the Adamis Working Capital Line, pursuant to which we may borrow up to an aggregate of $2,000,000 to provide working capital to USC, subject to the terms and conditions of the loan agreement. Interest on amounts borrowed under the Adamis Working Capital Line accrues at a rate equal to the prime interest rate, as defined in the agreement. Interest payments are required to be made quarterly. As amended effective March 31, 2017, the entire outstanding principal balance, and all accrued and unpaid interest and all other sums payable pursuant to our loan agreement with the Bank, are due and payable on March 1, 2018, or sooner upon the occurrence of certain events as provided in the loan agreement and related documents. Our obligations under the Adamis Working Capital Line are secured by certain collateral, including without limitation our interest in amounts that we have loaned to USC; a warrant that we issued to the Lender to purchase up to 1,000,000 shares of our common stock at an exercise price equal to par value per share, only exercisable by Lender if we are in default under the loan documents and if the Lender delivers a notice to us and we do not cure the default within the applicable cure period; and our Certificate of Deposit ("CD") with the Lender of approximately $1,000,000. Further, if at any time before the repayment of the loan, the value of the sum of (i) the amount of the funds in the CD, plus (ii) the product of: (A) the number of unexercised shares under the warrant multiplied by (B) the value of our common stock, falls below the product of (Y) 1.5 multiplied by (Z) the outstanding principal balance of the note evidencing the Adamis Working Capital Line, then following delivery of a notice from the Bank to the Company, the Company will either : (1) amend the warrant or provide an additional warrant to provide Lender with rights to purchase additional shares of common stock; or (2) reduce the principal balance of the note to bring us in compliance with the requirements set forth above, and failure to comply with this requirement after notice from Lender is an event of default under the loan documents.

The Amended Loan Documents with the Bank include a variety of representations, warranties and covenants that we are required to comply with. If we do not comply with the provisions of such agreements and documents and the Bank declares an event of default, the Bank would be entitled to accelerate the maturity date of the loans, the principal and accrued interest would become due and payable, and the Bank could elect to exercise its remedies as a secured creditor under the loan documents and applicable law.

Our ability to make scheduled payments on our indebtedness depends on our future performance and ability to raise additional capital if required, which is subject to economic, financial, competitive and other factors, some of which are beyond our control. If we are unable to generate sufficient cash to service our debt, we may be required to adopt one or more alternatives, such as selling assets, attempting to restructure our debt or obtaining additional capital through sales of equity or incurrence of additional debt on terms that may be onerous or highly dilutive to our stockholders. Our ability to engage in any of these activities would depend on the capital markets and our financial condition at such time, and we may not be able to do so when needed, on desirable terms or at all, which could result in a default on our debt obligations. Additionally, the Amended Loan Documents contain various restrictive covenants, including, among others, our obligation to deliver to the Bank certain financial and other information, our obligation to comply with certain notice and insurance requirements, and our inability, without the Bank's prior consent, to dispose of certain of our assets, incur certain additional indebtedness, enter into certain merger, acquisition or change of control transactions, pay certain dividends or distributions on or make certain repurchases of our capital stock or incur any lien or other encumbrance on our assets, subject to certain permitted exceptions. Any failure by us to comply with any of these covenants, subject to certain cure periods, or to make all payments under the debt instruments when due, would cause us to be in default under the applicable debt instrument. In the event of any such default, the Bank may be able to foreclose on the assets that secure the debt or declare all borrowed funds, together with accrued and unpaid interest, immediately due and payable, thereby potentially causing all of our available cash to be used to pay our indebtedness or forcing us into bankruptcy or liquidation if we do not then have sufficient cash available. Any such event or occurrence could severely and negatively impact our business, financial conditions or results of operations.

For additional information concerning our debt and equity financing transactions, and our loan agreements, see Notes 10, 11, 15 and 16 accompanying our financial statements included elsewhere herein.

As noted above under the heading "Going Concern and Management Plan," through December 31, 2016, Adamis had incurred substantial losses. The availability of any required additional funding cannot be assured. If we do not obtain additional equity or debt funding in the near future, our cash resources will be depleted and we will be required to materially reduce or suspend operations. Even if we are successful in obtaining additional funding to permit us to continue operations at the levels that we desire, substantial time will pass before we obtain regulatory marketing approval for any products and begin to realize revenues from sales of specialty pharmaceutical products, and during this period Adamis will require additional funds. No assurance can be given as to the timing or ultimate success of obtaining future funding. As noted under the heading Recent Developments, the Company will be required to devote additional cash resources, which could be significant, in order to continue development and commercialization of our product candidates and to support our other operations and activities.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our audited financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following accounting policies and estimates are most critical to aid you in understanding and evaluating our reported financial results. For further discussion of our accounting policies, see Note 3 in the accompanying notes to our financial statements appearing elsewhere in this Annual Report on Form 10-K.

Segment Information. The Company is engaged primarily in the discovery, development and sales of pharmaceutical, specialty biopharmaceutical and other drug products. Accordingly, the Company has determined that it operates in one operating segment.

Revenue Recognition. The Company recognizes revenues when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Revenues from our USC subsidiary consist of sales of compounded drugs for humans and animals, including sterile injectable and non-sterile integrative therapies. Sales discounts and rebates are sometimes offered to customers if specified criteria are met. Additionally, sales are generally made with a limited right of return under certain conditions. Revenues are recorded net of provisions for sales discounts and returns, which are established at the time of sale.

Cost of Sales. Our cost of sales includes direct and indirect costs to manufacture formulations and sell products, including active pharmaceutical ingredients, personnel costs, packaging, storage, royalties, shipping and handling costs, the write-off of obsolete inventory and other related expenses.

Accounts Receivable. Accounts receivable are reported at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and credit to allowance for doubtful accounts. Uncollectible amounts are based on USC's history of past write-offs and collections and current credit conditions.

Inventories. Inventories are valued at the lower of cost or market. The cost of inventories are determined using the first-in, first-out ("FIFO") method. Inventories consist of compounding formulation raw materials, currently marketed products, and device supplies. Monthly, the Company reviews the expiration dates of the raw materials and finished goods inventory, and a reserve for obsolescence is recorded based on the expiration dates.

Acquisitions and Intangibles. The Company has engaged in business combination activity. The accounting for business combinations requires management to make judgments and estimates of the fair value of assets acquired, including the identification and valuation of intangible assets, as well as liabilities assumed. Such judgments and estimates directly impact the amount of goodwill recognized in connection with each acquisition, as goodwill represents the excess of the purchase price of an acquired business over the fair value of its net tangible and identifiable intangible assets.

Goodwill and Other Long-Lived Assets. Goodwill, which has an indefinite useful life, represents the excess of purchase consideration over fair value of net assets acquired. Goodwill is reviewed for impairment at least annually as of December 31 each year, or more frequently if events occur indicating the potential for impairment. During its goodwill impairment review, the Company may assess qualitative factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying amount, including goodwill. The qualitative factors include, but are not limited to, macroeconomic conditions, industry and market considerations, and the overall financial performance and outlook of the Company. If, after assessing the totality of these qualitative factors, the Company determines that it is not more likely than not that the fair value of its reporting unit is less than its carrying amount, then no additional assessment is deemed necessary. Otherwise, the Company proceeds to perform the two-step test for goodwill impairment. The first step involves comparing the estimated fair value of the reporting unit with its carrying value, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the Company performs the second step of the goodwill impairment test to determine the amount of loss, which involves comparing the implied fair value of the goodwill to the carrying value of the goodwill.

The Company evaluates its long-lived assets with definite lives, such as property and equipment, acquired technology, customer relationships, patent and license rights, for impairment by considering competition by products prescribed for the same indication, the likelihood and estimated future entry of non-generic and generic competition with the same or similar indication and other related factors. The factors that drive the estimate of the life are often uncertain and are reviewed on a periodic basis or when events occur that warrant review. Recoverability is measured by comparison of the assets' book value to future net undiscounted cash flows that the assets are expected to generate.

We performed an impairment analysis as of December 31, 2016, no impairment of goodwill or acquired intangibles was identified. We are not aware of an event or change in circumstances that would indicate the carrying value of assets held by the Company may be impaired as of the measurement date.

Claims Liabilities. USC is self-insured up to certain limits for health insurance. Provisions are made for both the estimated liabilities for known claims as incurred and estimates for those incurred but not reported. As of December 31, 2016, the Company was self-insured for up to the first $40,000 of claims per covered person with an aggregate deductible of $766,497.

Deferred Income Taxes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax basis of such assets and liabilities. The Company maintains a valuation allowance against its deferred tax assets due to the uncertainty regarding the future realization of such assets, which is based on historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences. Until such time as the Company can demonstrate that it will no longer incur losses, or if the Company is unable to generate sufficient future taxable income, it could be required to maintain the valuation allowance against its deferred tax assets.

Stock-Based Compensation. We account for stock-based compensation transactions in which we receive employee services in exchange for options to purchase common stock. Stock-based compensation cost for restricted stock units ("RSUs") is measured based on the closing fair market value of our common stock on the date of grant. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Black-Scholes option-pricing model. We recognize stock-based compensation cost as expense ratably on a straight-line basis over the requisite service period.

Accounting Standards Codification (ASC) 815 - Derivatives and Hedging provides guidance to determine what types of instruments, or embedded features in an instrument, are considered derivatives. This guidance can affect the accounting for convertible instruments that contain provisions to protect holders from a decline in the stock price, or down-round provisions. Down-round provisions reduce the exercise price of a convertible instrument if a company either issues equity share for a price that is lower than the exercise price of those instruments, or issues new convertible instruments that have a lower exercise price.

The Company recognizes the derivative assets and liabilities at their respective fair values at inception and on each reporting date. The Company utilized a binomial option pricing model (BOPM) to develop its assumptions for determining the fair value of the conversion and anti-dilution features of its notes. See Note 12 in the accompanying financial statements for further discussion of derivative instruments.

Off Balance Sheet Arrangements

At December 31, 2016, we did not have any off balance sheet arrangements.

Recent Accounting Pronouncements

Recent accounting pronouncements are disclosed in Note 3 to the accompanying financial statements included in Item 15 of this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and financial information required by Item 8 are set forth below commencing on page F-1.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Annual Report on Form 10-K, an evaluation was carried out by our management, with the participation of the Principal Executive Officer and Accounting Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) as of December 31, 2016. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the Principal Executive Officer and Accounting Officer, to allow timely decisions regarding required disclosures.

Based on their evaluation, our Principal Executive Officer and Accounting Officer concluded that disclosure controls and procedures were effective as of December 31, 2016.

Internal Control over Financial Reporting

Management's report on our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) in the Exchange Act), is included in this Annual Report on Form 10-K, under the heading "Management's Annual Report on Internal Control Over Financial Reporting" and is incorporated herein by reference. This report shall not be deemed to be filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, unless we specifically state that the report is to be considered "filed" under the Exchange Act or incorporate it by reference into a filing under the Securities Act of 1933, as amended, or under the Exchange Act.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, particularly those related to subjective measurements and complex transactions, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are 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, within our company have been detected.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission 2013 Framework in Internal Control - Integrated Framework and Internal Control over Financial Reporting-Guidance for Smaller Public Companies. As a result of this assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2016, based on those criteria.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Controls

Except as described in this paragraph, there has been no change during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. In connection with our acquisition of U.S. Compounding, Inc. ("USC") in April 2016, during the quarter ended December 31, 2016 we continued to implement the Company's standards and procedures, including controls over accounting systems and financial reporting, as they relate to the operations of USC, and continued to integrate USC into our overall internal control over financial reporting process.

ITEM 9B. OTHER INFORMATION

Effective February 28, 2017, Adamis Pharmaceuticals Corporation (the "Company") appointed Ronald B. Moss, M.D. as Chief Medical Officer of the Company on a full-time basis. From February 2013 to February 2017, Dr. Moss served as CEO and President of Ansun Biopharma, Inc. and as interim CEO of Ansun Biopharma from 2011 to 2012. He served as Executive Vice President of Clinical Development & Medical Affairs at NexBio from 2009-2011. From 2006 to 2009 Dr. Moss served as the Vice President of Clinical Development at Vical Inc. During 2004-2006 he served as the Vice President of Medical Affairs at Telos Pharmaceuticals. Dr. Moss served as the Senior Director of Worldwide Regulatory Affairs for Vaccines/Biologics at Merck and Company from 2003-2004. Dr. Moss joined The Immune Response Corp. in 1994 as Medical Director and advanced through positions of increasing responsibility and served as the interim President and Chief Executive Officer from 2002 to 2003. He has previously served as Assistant Medical Director at Immunization Products Ltd., a joint venture between Rhone-Poulenc Rorer and Immune Response. Dr. Moss trained in Pediatrics at SUNY Stony Brook and completed his Fellowship in Allergy and Clinical Immunology at the National Institutes of Health, and is board certified in allergy & immunology. He is Fellow of the American Academy of Allergy Asthma and Immunology (FAAAI) and a Fellow of the American College of Allergy, Asthma, and Immunology (FCAAI). Dr. Moss is a voluntary faculty member at UCSD School of Medicine Department of Medicine. Dr. Moss earned his M.D. degree at the Chicago Medical School, Rosalind Franklin University of Medicine and Science and his bachelor's degree from the State University of New York at Stony Brook.

The Company entered into an employment agreement with Dr. Moss providing for his employment as CMO. The agreement provides for, among other things, (i) an annual base salary at the rate of $385,000 per year, (ii) eligibility to participate in the Company's bonus plans and other benefit plans and programs offered to officers, including any discretionary bonuses that that Board may in its discretion award, and (iii) if terminated by the Company without "cause" (as defined in the agreement), severance equal to nine months of base salary. The agreement is terminable at any time by either party. The agreement provides that if the officer's employment is terminated without cause (as defined in the agreement), the officer will be entitled to receive severance payments at the officer's then-annual base salary for nine months. These payments will be accelerated in the event of a change of control transaction. The officer also would (assuming eligibility and timely elections) be entitled to be reimbursed for payment of the Company's portion of the premiums required to continue the officer's medical, dental and vision insurance coverage pursuant to COBRA during the applicable severance period (or until the officer becomes employed full-time by another employer). In addition, in the event of a termination without cause, a number of unvested stock options will accelerate, vest and be exercisable in full as if the officer had remained employed during the severance period described above, and all options will remain exercisable for a period of one year after the date of termination. The agreement also provides that if the officer is terminated without cause or the officer terminates the officer's employment for good reason (as defined in the employment agreement), within 13 months after the date of a change in control, the officer will also be entitled to receive the severance and medical benefits described above, and the severance payments described above will be accelerated and paid in a lump sum. In addition, in the event of a change in control, all unvested options held by the officer will accelerate and be exercisable in full and any unvested shares will vest in full. The obligation to pay severance benefits described above is conditioned on the officer's timely execution of a general release of claims. Upon termination of employment by reason of death or disability, options will vest and remain exercisable for 12 months after the date of cessation of service. In connection with his appointment, Dr. Moss was granted a stock option to purchase up to 210,000 shares of common stock. The option generally vests monthly over a period of three years, with the first 1/3 of the option shares vesting on the first anniversary of the grant date. The foregoing description of Dr. Moss's employment agreement does not purport to be complete and is qualified by the text of the agreement, a copy of which is filed an exhibit to this Form 10-K.

The foregoing shall not be deemed to be an admission that the foregoing matters are required to be described under this item.

PART III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 of Part III is incorporated by reference to the registrant's proxy statement, to be filed within 120 days of the registrant's fiscal year end, or will be included in an amendment to this Annual Report on Form 10-K.

ITEM 11: EXECUTIVE COMPENSATION

The information required by Item 11 of Part III is incorporated by reference to the registrant's proxy statement, to be filed within 120 days of the registrant's fiscal year end, or will be included in an amendment to this Annual Report on Form 10-K.

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

The information required by Item 12 of Part III is incorporated by reference to the registrant's proxy statement, to be filed within 120 days of the registrant's fiscal year end, or will be included in an amendment to this Annual Report on Form 10-K.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 of Part III is incorporated by reference to the registrant's proxy statement, to be filed within 120 days of the registrant's fiscal year end, or will be included in an amendment to this Annual Report on Form 10-K.

ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 of Part III is incorporated by reference to the registrant's proxy statement, to be filed within 120 days of the registrant's fiscal year end, or will be included in an amendment to this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibits

The following exhibits are attached hereto or incorporated herein by reference.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/ File No.	Date
2.1	Agreement and Plan of Share Exchange dated as of October 7, 2004, by and between the Company and Biosyn, Inc.		8-K	10/26/04
3.1	Restated Certificate of Incorporation of the Registrant		S-8	03/17/14
3.2	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock dated August 19, 2014		8-K	08/20//14
3.3	Certificate of Designation of Preferences, Rights and Limitations of Series A-1 Convertible Preferred Stock		8-K	01/26/16
3.4	Certificate of Designation of Preferences, Rights and Limitations of Series A-2 Convertible Preferred Stock		8-K	07/12/16
4.1	Amended and Restated Bylaws of the Company		S-4/A 333-155322	01/12/09
4.2	Specimen stock certificate for common stock		8-K	04/03/09
4.3	Form of Common Stock Purchase Warrant dated August 19, 2014		8-K	08/20/14
4.4	Form of Amended and Restated Warrant dated January 26, 2016		8-K	01/26/16
*10.1	2009 Equity Incentive Plan		10-Q	11/14/14
*10.2	Form of Stock Option Agreement for option awards		8-K	09/16/11
*10.3	Form of Option Agreement for Non-Employee Directors*		8-K	01/13/11
10.4	Form of Restricted Stock Unit Agreement	X		
*10.5	Form of Indemnity Agreement with directors and executive officers		8-K	01/13/11
10.6	Agreement dated as of October 8, 1996 by and among Biosyn, Inc., Edwin B. Michaels and E.B. Michaels Research Associates, Inc. (Confidential treatment has been requested with respect to portions of this agreement.)		10-K	03/31/05
10.7	Patent License Agreement by and among Biosyn, Inc., and certain agencies of the United States Public Health Service		10-K	03/31/05
10.8	License Agreement dated as of May 22, 2001, by and between Crompton Corporation and Biosyn, Inc. (Confidential treatment has been requested for portions of this agreement.)		10-K	03/31/05
10.9	License Agreement dated January 30, 2006, by and between CONRAD, Eastern Virginia Medical School, and Biosyn, Inc. (Confidential treatment has been requested for portions of this agreement.)		10-K	04/02/07
10.10	Amendment to License Agreement dated as of March 15, 2006, by and between Crompton Corporation and Biosyn, Inc.		S-4/A 333-155322	01/12/09
10.11	Funding Agreement dated October 12, 1992, by and between Ben Franklin Technology Center of Southeastern Pennsylvania and Biosyn, Inc.		S-4/A 333-155322	01/12/09
10.12	License Agreement dated July 28, 2006, by and between Nevagen, LLC and Adamis Pharmaceuticals Corporation		S-4/A 333-155322	01/12/09
10.13	Amendment to License Agreement dated December 29, 2008, by and between Nevagen, LLC and Adamis Pharmaceuticals Corporation		S-4/A 333-155322	01/12/09
10.14	Amendment to License Agreement dated October 18, 2007, by and between CONRAD, Eastern Virginia Medical School, and Biosyn, Inc.		S-4/A 333-155322	01/12/09
10.15	Clinical Trial Agreement between Biosyn, Inc. and the National Institute of Child Health and Human Development		S-4/A 333-155322	01/12/09
10.16	Common Stock Purchase Agreement dated as of November 10, 2010, by and between Adamis Pharmaceuticals Corporation and the Purchaser named therein (Confidential treatment has been granted for portions of this exhibit.)		8-K	11/12/10
10.17	Registration Rights Agreement dated as of November 10, 2010, by and between Adamis Pharmaceuticals Corporation and the Purchaser named therein		8-K	11/12/10
10.18	Executive Employment Agreement between the Company and Dennis J. Carlo dated December 31, 2015*		10-K	03/23/16
10.19	Executive Employment Agreement between the Company and David J. Marguglio dated December 31, 2015*		10-K	03/23/16
10.20	Executive Employment Agreement between the Company and Robert O. Hopkins dated December 31, 2015*		10-K	03/23/16
10.21	Executive Employment Agreement between the Company and Karen K. Daniels dated December 31, 2015*		10-K	03/23/16
10.22	Executive Employment Agreement between the Company and Thomas H. Moll,Ph.D. dated December 31, 2015*		10-K	03/23/16

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/ File No.	Date
10.23	License Agreement between Adamis, the Regents of the University of California and Dana-Farber Cancer Institute, Inc.		10-K	07/07/11
10.24	License Agreement dated January 26, 2007, with Wisconsin Alumni Research Foundation		10-K	07/07/11
10.25	License Agreement dated January 26, 2007, with Wisconsin Alumni Research Foundation		10-K	07/07/11
10.26	License Agreement dated January 2, 2008, with Wisconsin Alumni Research Foundation		10-K	07/07/11
10.27	Product Development and Contract Manufacturing Agreement dated November 1, 2010, between the Company and Beximco Pharmaceuticals Ltd.		10-Q	02/14/11
10.28	First Amendment to Common Stock Purchase Agreement dated as of June 30, 2011, by and between the Company and Eses Holdings (FZE)		10-K	07/07/11
10.29	Second Amendment to Common Stock Purchase Agreement dated as of November 10, 2011, by and between the Company and Eses Holdings (FZE)		8-K	11/21/11
10.30	Third Amendment to Common Stock Purchase Agreement dated as of January 31, 2012, by and between the Company and Eses Holdings (FZE)		10-Q	02/14/12
10.31	Securities Purchase Agreement dated as of June 11, 2012		8-K	06/15/12
10.32	10% Senior Convertible Note dated as of June 11, 2012		8-K	06/15/12
10.33	Form of Subsidiary Guarantee dated as of June 11, 2012		8-K	06/15/12
10.34	Convertible Promissory Note dated as of June 11, 2012		8-K	06/15/12
10.35	Zero Coupon Secured Promissory Note dated October 25, 2012		10Q	02/19/13
10.36	Convertible Promissory Note dated December 31, 2012		10-Q	02/19/13
10.37	Amendment to Convertible Promissory Note dated March 26, 2014		8-K	04/01/14
10.38	Securities Purchase Agreement dated as of April 5, 2013		8-K	04/08/13
10.39	12% Convertible Debenture dated April 5, 2013		8-K	04/08/13
10.40	Subscription Agreement dated as of June 26, 2013		8-K	07/01/13
10.41	Form of Secured Convertible Notes dated June 26, 2013		8-K	07/01/13
10.42	Form of Warrants dated June 26, 2013		10-Q	11/14/14
10.43	Security Agreement dated June 26, 2013		8-K	07/01/13
10.44	Intercreditor Agreement dated June 26, 2013		8-K	07/01/13
10.45	Consent and Waiver		8-K	10/31/13
10.46	Exclusive License and Asset Purchase Agreement dated as of August 1, 2013, by and among the Registrant, 3M Corp. and 3M Innovative Properties Company		8-K	08/06/13
10.47	Sublease dated as of March 12, 2011 between the Registrant and Whitney, Bradley & Brown, Inc.		S-1 333-192372	11/15/13
10.48	Sublease Agreement between McDermott Will & Emery LLP and the Registrant dated February 1, 2014		10-Q	02/14/14

10.49	Lease Agreement dated April 1, 2014, between the Registrant and Pacific North Court Holdings, L.P.		10-KT	03/26/15
10.50	Purchase Agreement dated August 19, 2014 by and between the Company and Sio Partners QP LP and Sio Partners Offshores, Ltd.		8-K	08/20/14
10.51	Registration Rights Agreement dated August 18, 2014, by and between the Company and Sio Partners LP, Sio Partners QP LP and Sio Partners Offshores, Ltd.		8-K	08/20/14
10.52	Form of Warrants dated June 26, 2013		10-Q	11/14/14
10.53	Form of Warrant dated January 26, 2016		8-K	01/26/16
10.54	Purchase Agreement		8-K	01/26/16
10.55	Registration Rights Agreement dated as of January 26, 2016		8-K	01/26/16
10.56	Business Loan Agreement dated July 14, 2014, between First Federal Bank and U.S. Compounding, Inc., and related loan documents		10-Q	08/15/16
10.57	Business Loan Agreement between 4 HIMS, LLC and First Federal Bank dated August 8, 2014, and related loan documents		10-Q	08/15/16
10.58	Business Loan Agreement between Tribute Labs, LLC and First Federal Bank dated March 21, 2014, and related loan documents		10-Q	08/15/16
10.59	Loan Amendment, Forbearance and Assumption Agreement between the Company and Bear State Bank, N.A.		10-Q	08/15/16
10.60	Development, License and Commercialization Agreement dated as of May 9, 2016, between the Company and Watson Laboratories, Inc. [Confidential treatment has been granted for portions of this exhibit]		10-Q	08/15/16
10.61	Loan Amendment and Assumption Agreement and related Agreements and Instruments dated as of November 3, 2016	X		
10.62	September 2016 Loan Amendment and Consolidation Agreement among Bear State Bank, N.A., U.S. Compounding, Inc., Tribute Labs, LLC, and the Company	X		
10.63	Amendment to Loan Agreement dated as November 3, 2016 between Bear State Bank, N.A., and the Company	X		
10.64	September 2016 Amendment to Commercial Line of Credit Agreement and Note	X		
10.65	Loan Release Agreement dated as of November 14, 2016	X		
10.66	Form of Common Stock Purchase Warrant dated January 26, 2016		8-K	01/26/16
10.67	Amended and Restated Common Stock Purchase Warrant dated August 19, 2014		8-K	01/26/16
10.68	Purchase Agreement dated January 26, 2016		8-K	01/26/16
10.69	Amended and Restated Registration Rights Agreement dated January 26, 2016		8-K	01/26/16
10.70	Agreement and Plan of Merger by and among the Company, US Compounding, Inc., Ursula MergerSub Corp. and Eddie Glover dated as of March 28, 2016		8-K	03/29/16
10.71	Form of Joinder Agreement and General Release dated March 28, 2016		8-K	03/29/16
10.72	Loan and Security Agreement by and between the Company and Bear State Bank, N.A., dated March 28, 2016		8-K	03/29/16
10.73	Common Stock Purchase Warrant dated March 28, 2016		8-K	03/29/16
10.74	Purchase Agreement dated July 11, 2016		8-K	07/12/16
10.75	Registration Rights Agreement dated July 11, 2016		8-K	07/12/16
10.76	Form of Common Stock Purchase Warrant dated July 11, 2016		8-K	07/12/16
10.77	Form of Common Stock Purchase Warrant dated August 3, 2016		8-K	07/29/16
10.78	Placement Agency Agreement between Maxim Group LL and the Company dated July 29, 2016		8-K	07/29/16
10.79	Form of Securities Purchase Agreement dated July 29, 2016		8-K	07/29/16
10.80	2017 Bonus Plan	X		
10.81	Executive Employment Agreement between the Company and Eddie W. Glover dated March 28, 2016	X		
10.82	Underwriting Agreement dated January 9, 2015		8-K	01/09/15
10.83	Executive Employment Agreement between the Company and Ronald B. Moss, M.D., dated as of February 28, 2017.	X		
10.84	March 2017 Amended and Restated Line of Credit Promissory Note	X		
10.85	March 2017 Amendment to Loan and Security Agreement between the Company and Bear State Bank	X		
21.1	Subsidiaries of the Registrant	X		
23.1	Consent of Mayer Hoffman McCann P.C., Independent Registered Public Accounting Firm	X		
23.2	Consent of Independent Registered Public Accounting Firm - Hudson Cisne & Co., LLP	X		
24.1	Power of Attorney (See signature page)	X		
31.1	Certification by CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X		

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form/ File No.	Date
31.2	Certification by CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X		
32.1	Certification by CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X		
32.2	Certification by CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X		
101.INS	XBRL Instance Document			
101.SCH	XBRL Taxonomy Extension Schema Document			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			

* Represents a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California.

ADAMIS PHARMACEUTICALS CORPORATION

By: /s/ DENNIS J. CARLO
Dennis J. Carlo
Chief Executive Officer

Dated: March 30, 2017

Power of Attorney

Each person whose signature appears below constitutes and appoints each of Dennis J. Carlo and Robert O. Hopkins, true and lawful attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons in the capacities and on the dates indicated:

Name	Title	Date
Principal Executive Officer:		
/s/ DENNIS J. CARLO Dennis J. Carlo	Chief Executive Officer and Director	March 30,2017
Principal Financial Officer and Principal Accounting Officer:		
/s/ ROBERT O. HOPKINS Robert O. Hopkins	Vice President, Finance, Chief Financial Officer and Secretary	March 30, 2017
Directors:		
/s/ DAVID J. MARGUGLIO David J. Marguglio	Director	March 30, 2017
/s/RICHARD C. WILLIAMS Richard C. Williams	Chairman	March 30, 2017
/s/ ROBERT B. ROTHERMEL Robert B. Rothermel	Director	March 30, 2017
/s/ WILLIAM C. DENBY, III William C. Denby, III	Director	March 30, 2017

ADAMIS PHARMACEUTICALS CORPORATION AND SUBSIDIARIES

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DECEMBER 31, 2016 AND 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Adamis Pharmaceuticals Corporation and Subsidiaries
San Diego, California

We have audited the accompanying consolidated balance sheets of **Adamis Pharmaceuticals Corporation and Subsidiaries** (the "Company") as of December 31, 2016 and 2015, and the related statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Adamis Pharmaceuticals Corporation and Subsidiaries** as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years ended December 31, 2016 and 2015, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred recurring losses from operations, and is dependent on additional financing to fund operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ MAYER HOFFMAN MCCANN P.C.

San Diego, California
March 30, 2017

ADAMIS PHARMACEUTICALS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash	$ 4,090,651	$ 4,080,648
Restricted Cash	1,005,109	—
Accounts Receivable, net	805,372	—
Inventories	942,067	—
Prepaid Expenses and Other Current Assets	227,040	70,985
	7,070,239	4,151,633
LONG TERM ASSETS		
Security Deposits	42,500	85,000
Intangible Assets, net	18,136,044	7,766,960
Goodwill	7,640,622	—
Fixed Assets, net	4,897,007	58,260
Total Assets	$ 37,786,412	$ 12,061,853
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 2,150,583	$ 497,794
Deferred Revenue	54,478	—
Accrued Other Expenses	1,609,625	214,036
Accrued Bonuses	465,393	478,274
Bank Loans - Working Capital Line of Credit	3,864,880	—
Bank Loans - Building and Equipment, current portion	465,965	—
Warrants, at fair value	—	1,174,312
Warrant Derivative Liabilities, at fair value	—	383,404
	8,610,924	2,747,820
LONG TERM LIABILITIES		
Deferred Tax Liability, net	828,556	—
Building and Equipment Loans, net of current portion	3,067,065	—
Total Liabilities	12,506,545	2,747,820
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred Stock – Par Value $.0001; 10,000,000 Shares Authorized; Series A Convertible, Zero and 1,009,021, Issued and Outstanding at December 31, 2016 and December 31, 2015, Respectively. Series A-2 Convertible 625,013 and Zero Issued and Outstanding at December 31, 2016 and December 31, 2015, Respectively.	62	101
Common Stock - Par Value $.0001; 100,000,000 Shares Authorized; 22,299,083 and 13,739,199 Issued, 21,991,543 and 13,431,659 Outstanding at December 31, 2016 and December 31, 2015, Respectively.	2,230	1,374
Additional Paid-in Capital	113,741,412	78,339,143
Accumulated Deficit	(88,458,608)	(69,021,356)
Treasury Stock - 307,540 Shares, at cost	(5,229)	(5,229)
Total Stockholders' Equity	25,279,867	9,314,033
	$ 37,786,412	$ 12,061,853

The accompanying notes are an integral part of these Consolidated Financial Statements

ADAMIS PHARMACEUTICALS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2016	Year Ended December 31, 2015
REVENUE, net	$ 6,473,978	$ —
COST OF GOODS SOLD	4,853,664	—
Gross Profit	1,620,314	—
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	17,127,555	9,007,289
RESEARCH AND DEVELOPMENT	9,697,136	4,843,139
Loss from Operations	(25,204,377)	(13,850,428)
OTHER INCOME (EXPENSE)		
Interest Expense	(214,396)	—
Interest Income	9,285	—
Change in Fair Value of Warrant Liability	1,049,330	433,898
Change in Fair Value of Warrant Derivative Liabilities	348,141	(155,467)
Total Other Income (Expense)	1,192,360	278,431
Net (Loss) Before Income Taxes	$ (24,012,017)	$ (13,571,997)
Income Tax Benefit	4,574,765	—
Net (Loss)	(19,437,252)	(13,571,997)
Deemed Dividend on Preferred Stock	(1,374,229)	—
Net (Loss) Applicable to Common Stock	$ (20,811,481)	$ (13,571,997)
Basic and Diluted (Loss) Per Share:		
Basic (Loss) Per Share	$ (1.19)	$ (1.02)
Basic Weighted Average Shares Outstanding	17,500,827	13,275,847
Diluted (Loss) Per Share	$ (1.19)	$ (1.03)
Diluted Weighted Average Shares Outstanding	17,500,827	13,436,683

The accompanying notes are an integral part of these Consolidated Financial Statements

ADAMIS PHARMACEUTICALS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Series Convertible Preferred Stock		Common Stock			Treasury Stock			
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Shares	Amount	Accumulated Deficit	Total
Balance December 31, 2014	1,418,439	$ 142	10,959,480	$ 1,096	$ 64,956,524	(307,540)	$(5,229)	$(55,449,359)	$ 9,503,174
Common Stock Issued for Exercised Warrants	—	—	58,364	6	75,583	—	—	—	75,589
Common Stock Issued for Exercised Options	—	—	2,677	—	—	—	—	—	—
Common Stock Issued for Service	—	—	3,666	—	25,002	—	—	—	25,002
Issuance of RSU's	—	—	5,594	1	(1)	—	—	—	—
Release of Warrants Liability Upon Exercise	—	—	—	—	230,332	—	—	—	230,332
Common Stock Issued, net of issuance cost of $934,028	—	—	2,300,000	230	10,565,742	—	—	—	10,565,972
1:1 Conversion of Series A Preferred Stock to Common Stock	(409,418)	(41)	409,418	41	—	—	—	—	—
Share Based Compensation	—	—	—	—	2,485,961	—	—	—	2,485,961
Net (Loss)	—	—	—	—	—	—	—	(13,571,997)	(13,571,997)
Balance December 31, 2015	1,009,021	$ 101	13,739,199	$ 1,374	$ 78,339,143	(307,540)	$(5,229)	$(69,021,356)	$ 9,314,033
Common Stock Issued for Exercised Warrants	—	—	52,288	5	177,774	—	—	—	177,779
Common Stock Issued for Exercised Options	—	—	11,966	1	(1)	—	—	—	—
Common Stock Award - USC Employees	—	—	6,669	1	59,087	—	—	—	59,088
Common Stock Issued - Acquisition of USC	—	—	1,618,539	162	10,245,190	—	—	—	10,245,352
Release of Warrants Liability Upon Exercise	—	—	—	—	160,245	—	—	—	160,245
Issuance of RSU's	—	—	5,590	1	(1)	—	—	—	—
Preferred Stock A-1 Issued, net of issuance cost of $72,240	1,183,432	118	—	—	4,927,642	—	—	—	4,927,760
Preferred Stock A-2 Issued, net of issuance cost of $82,337	1,724,137	172	—	—	4,917,487	—	—	—	4,917,659
Common Stock Issued, net of issuance cost of $843,141	—	—	3,573,255	357	10,215,724	—	—	—	10,216,081
1:1 Conversion of Series Preferred Stock to Common Stock	(3,291,577)	(329)	3,291,577	329	—	—	—	—	—
Share Based Compensation	—	—	—	—	4,699,122	—	—	—	4,699,122
Net (Loss)	—	—	—	—	—	—	—	(19,437,252)	(19,437,252)
Balance December 31, 2016	625,013	$ 62	22,299,083	$ 2,230	$113,741,412	(307,540)	$(5,229)	$(88,458,608)	$ 25,279,867

The accompanying notes are an integral part of these Consolidated Financial Statements

ADAMIS PHARMACEUTICALS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2016	Year Ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)	$ (19,437,252)	$ (13,571,997)
Adjustments to Reconcile Net (Loss) to Net		
Cash (Used in) Operating Activities:		
Stock Based Compensation	4,699,122	2,485,961
Stock Issued in Exchange of Services	59,088	25,002
Deferred Revenue	54,478	—
Change in Fair Value of Warrant Liability	(1,049,330)	(433,898)
Change in Fair Value of Warrant Derivative Liabilities	(348,141)	155,467
Provision for Bad Debts	21,288	—
Depreciation and Amortization Expense	2,534,628	990,290
Deferred Tax Provision	(4,586,965)	—
Change in Assets and Liabilities, Net of Impact of USC Acquisition:		
(Increase) Decrease in:		
Accounts Receivable - Trade	(363,000)	—
Inventories	1,891	—
Prepaid Expenses and Other Current Assets	(92,681)	108,560
Security Deposits	42,500	42,500
Increase (Decrease) in:		
Accounts Payable	(1,706,949)	(289,218)
Accrued Other Expenses and Bonuses	(988,944)	151,755
Net Cash (Used in) Operating Activities	(21,160,267)	(10,335,578)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(121,103)	—
Cash from Acquisition of USC	381,883	—
Cash Payment to Former Shareholders of USC	(32)	—
Net Cash Provided by Investing Activities	260,748	—
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Preferred Stock, net of issuance cost	9,845,419	—
Proceeds from Issuance of Common Stock, net of issuance cost	10,216,081	10,565,972
Proceeds from Exercise of Warrants	177,779	75,589
Proceeds from Bank Loan - Line of Credit	2,000,000	—
Payment of Bank Loan	(324,648)	—
Net Cash Provided by Financing Activities	21,914,631	10,641,561
Increase in Cash and Restricted Cash	1,015,112	305,983
Cash:		
Beginning, Cash and Restricted Cash	4,080,648	3,774,665
Ending, Cash and Restricted Cash	$ 5,095,760	$ 4,080,648

The accompanying notes are an integral part of these Consolidated Financial Statements

ADAMIS PHARMACEUTICALS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2016	Year Ended December 31, 2015
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	$ 4,090,651	$ 4,080,648
Restricted Cash	1,005,109	—
Total Cash and Restricted Cash	$ 5,095,760	$ 4,080,648
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Income Taxes	$ 18,987	$ 2,400
Cash Paid for Interest	$ 229,635	$ —
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES		
Series A-2 Preferred, Beneficial Conversion Feature	$ 1,374,229	$ —
Release of Warrant Liability Upon Exercise	$ 160,245	$ 230,332

The accompanying notes are an integral part of these Consolidated Financial Statements

NOTE 1: NATURE OF BUSINESS

The company formerly named Adamis Pharmaceuticals Corporation, or Old Adamis, was founded in June 2006 as a Delaware corporation. Effective April 1, 2009, Old Adamis completed a business combination transaction with Cellegy Pharmaceuticals, Inc., or Cellegy. Before the merger, Cellegy was a public company and Old Adamis was a private company. In connection with the consummation of the merger and pursuant to the terms of the definitive merger agreement relating to the transaction, Cellegy was the surviving corporation in the merger and changed its name from Cellegy Pharmaceuticals, Inc. to Adamis Pharmaceuticals Corporation (the "Company", "Adamis Pharmaceuticals" or "Adamis"), and Old Adamis survived as a wholly-owned subsidiary and changed its corporate name to Adamis Corporation. The Company has three wholly-owned subsidiaries: Adamis Corporation; U.S. Compounding, Inc.; and Biosyn, Inc.

On April 11, 2016, Adamis Pharmaceuticals Corporation (the "Company" or "Adamis") completed its acquisition of U.S. Compounding, Inc., an Arkansas corporation ("USC"), pursuant to the terms of the Agreement and Plan of Merger dated March 28, 2016 (the "Merger Agreement") and entered into by and among the Company, USC and Ursula MergerSub Corp., an Arkansas corporation and a wholly owned subsidiary of the Company ("MergerSub"). Pursuant to the terms of the Merger Agreement, MergerSub merged with and into USC (the "Merger"), with USC surviving as a wholly owned subsidiary of the Company.

USC, which is registered as a drug compounding outsourcing facility under Section 503B of the U.S. Food, Drug & Cosmetic Act and the U.S. Drug Quality and Security Act, provides prescription compounded medications, including compounded sterile preparations and non-sterile compounds to patients, physician clinics, hospitals, surgery centers and other clients in many states throughout the United States. USC also provides certain veterinary pharmaceutical products for animals.

NOTE 2: GOING CONCERN

The Company's consolidated financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as shown in the accompanying consolidated financial statements, the Company has sustained substantial losses from continuing operations. In addition, the Company has used, rather than provided, cash in its continuing operations. We will need significant funding to continue operations, satisfy our obligations and fund the future expenditures that will be required to conduct the clinical and regulatory work to develop our product candidates. Without obtaining additional capital, it would be unlikely for the Company to continue as a going concern. Management intends to attempt to secure additional required funding through equity or debt financings, sales or out-licensing of product candidates or other intellectual property assets, seeking partnerships with other pharmaceutical companies or third parties to co-develop and fund research and development efforts, or similar transactions.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include Adamis Pharmaceuticals and its wholly-owned operating subsidiaries. All significant intra-entity balances and transactions have been eliminated in consolidation.

Segment Information

The Company is engaged primarily in the discovery, development and sales of pharmaceutical, biotechnology and other drug products. Accordingly, the Company has determined that it operates in one operating segment.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates, and the differences could be material.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities at the date of purchase of three months or less to be cash equivalents.

Restricted Cash

Restricted cash refers to money that is held for a specific purpose and therefore not available to the Company for immediate or general business use. As of December 31, 2016, the Company has restricted cash of approximately $1.0 million in the form of a certificate of deposit held by Bear State Bank as part of the collateral to the $2.0 million working capital line of credit.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash, accounts payable and accrued liabilities approximate their fair value due to their short-term nature. Additionally, certain warrant obligation agreements contain anti-dilution features which are adjusted to fair value on a recurring basis.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and credit to allowance for doubtful accounts. Uncollectible amounts are based on USC's history of past write-offs and collections and current credit conditions. Provision for bad debt totaled $21,288 as of December 31, 2016.

Inventories

Inventories are valued at the lower of cost or market. The costs of inventories are determined using the first-in, first-out ("FIFO") method. Inventories consist of compounding formulation raw materials, currently marketed products, and device supplies. Monthly, the Company reviews the expiration dates of the raw materials and finished goods inventory, and a reserve for obsolescence is recorded based on the expiration dates. Reserve for obsolescence as of December 31, 2016 was $109,394.

Fixed Assets

Fixed assets are recorded at historical cost or fair value as of the date acquired, and depreciated on a straight line basis with useful lives ranging from 3-30 years.

Acquisitions

The Company has engaged in business combination activity. The accounting for business combinations requires management to make judgments and estimates of the fair value of assets acquired, including the identification and valuation of intangible assets, as well as liabilities assumed. Such judgments and estimates directly impact the amount of goodwill recognized in connection with each acquisition, as goodwill represents the excess of the purchase price of an acquired business over the fair value of its net tangible and identifiable intangible assets.

Goodwill and Other Long-Lived Assets

Goodwill, which has an indefinite useful life, represents the excess of purchase consideration over fair value of net assets acquired. Goodwill is reviewed for impairment at least annually during the fourth quarter, or more frequently if events occur indicating the potential for impairment. During its goodwill impairment review, the Company may assess qualitative factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying amount, including goodwill. The qualitative factors include, but are not limited to, macroeconomic conditions, industry and market considerations, and the overall financial performance of the Company. If, after assessing the totality of these qualitative factors, the Company determines that it is not more likely than not that the fair value of its reporting unit is less than its carrying amount, then no additional assessment is deemed necessary. Otherwise, the Company proceeds to perform the two-step test for goodwill impairment. The first step involves comparing the estimated fair value of the reporting unit with its carrying value, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the Company performs the second step of the goodwill impairment test to determine the amount of loss, which involves comparing the implied fair value of the goodwill to the carrying value of the goodwill. The Company may also elect to bypass the qualitative assessment in a period and elect to proceed to perform the first step of the goodwill impairment test.

The Company evaluates its long-lived assets with definite lives, such as property and equipment, acquired technology, customer relationships, patent and license rights, for impairment by considering competition by products prescribed for the same indication, the likelihood and estimated future entry of non-generic and generic competition with the same or similar indication and other related factors. The factors that drive the estimate of the life are often uncertain and are reviewed on a periodic basis or when events occur that warrant review. Recoverability is measured by comparison of the assets' book value to future net undiscounted cash flows that the assets are expected to generate.

We performed our annual impairment analysis as of December 31, 2016, no impairment of goodwill or acquired intangibles was identified. We are not aware of an event or change in circumstances that would indicate the carrying value of any assets held by the Company may be impaired as of the measurement date.

Derivative Instruments and Hedging Activities

Derivatives are recognized as either assets or liabilities in the consolidated balance sheets and are measured at fair value. The treatment of gains and losses resulting from changes in the fair values of derivative instruments is dependent on the use of the respective derivative instrument and whether they qualify for hedge accounting. As of December 31, 2016 and 2015, no derivative instruments qualified for hedge accounting. See Note 12 for further discussion of derivative instruments.

Revenue Recognition

The Company recognizes revenues when all of the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Revenues from our USC subsidiary consist of sales of compounded drugs for humans and animals, including sterile injectable and non-sterile integrative therapies. Sales discounts and rebates are sometimes offered to customers if specified criteria are met. Additionally, sales are generally made with a limited right of return under certain conditions. Revenues are recorded net of provisions for sales discounts and returns, which are established at the time of sale.

Cost of Sales

Our cost of sales includes direct and indirect costs to manufacture formulations and sell products, including active pharmaceutical ingredients, personnel costs, packaging, storage, royalties, shipping and handling costs, the write-off of obsolete inventory and other related expenses.

Claims Liabilities

USC is self-insured up to certain limits for health insurance. Provisions are made for both the estimated liabilities for known claims as incurred and estimates for those incurred but not reported. As of December 31, 2016, the Company was self-insured for up to the first $40,000 of claims per covered person with an aggregate deductible of $766,497. The Claims Payable at December 31, 2016 was $126,428 consisting of the estimated IBNR (Incurred But Not Reported) provided by the plan administrator.

Stock-Based Compensation

The Company accounts for stock-based compensation transactions in which the Company receives employee services in exchange for options to purchase common stock. Stock-based compensation cost for restricted stock units ("RSUs") is measured based on the closing fair market value of the Company's common stock on the date of grant. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Black-Scholes option-pricing model. The Company recognizes stock-based compensation cost as expense ratably on a straight-line basis over the requisite service period.

Research and Development

Research and development costs are expensed as incurred. Non-refundable advance payments for goods and services to be used in future research and development activities are recorded as an asset and are expensed when the research and development activities are performed.

Legal Expense

Legal fees are expensed as incurred and are included in selling, general and administrative expenses on the consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under the deferred income tax method. Under this method, deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities given the provisions of enacted tax laws.

Deferred income tax provisions and benefits are based on changes to the assets and liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which they operate, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results or the ability to implement tax planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the "more likely than not" criteria.

The Company accounts for uncertain tax positions in accordance with accounting guidance which requires the Company to recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would, more likely than not, sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied the guidance to all tax positions for which the statute of limitations remained open. Upon implementation, the Company did not recognize any additional liabilities for unrecognized tax benefits. Accordingly, the adoption of the guidance had no impact on the Company's financial statements. There have been no material changes in unrecognized tax benefits since April 1, 2010.

The Company is subject to income taxes in the United States Federal jurisdiction, California and Arkansas. The Company is no longer subject to the United States Federal, California or Florida income examinations by tax authorities for the years before the year ended March 31, 2012. The Company recognizes interest and penalty accrued related to unrecognized tax benefits in its income tax expense, if any. No interest or penalties have been accrued for all presented periods.

In fiscal 2014, the Company adopted accounting guidance regarding the presentation of an unrecognized tax benefit when a net operating loss carryforward exists which became effective for fiscal years, and interim periods, within those years, beginning after December 15, 2013. Pursuant to this guidance, the Company presents an unrecognized tax benefit, or portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for net operating loss carryforward. Adoption did not have an impact on the consolidated financial position, results of operations or cash flows of the Company.

Basic and Diluted Net Loss Per Share

The Company computes basic loss per share by dividing the loss attributable to holders of common stock for the period by the weighted average number of shares of common stock outstanding during the period. The diluted loss per share calculation is based on the treasury stock method and gives effect to dilutive options, warrants, convertible notes, convertible preferred stock and other potential dilutive common stock. The effect of common stock equivalents was anti-dilutive and was excluded from the calculation of weighted average shares outstanding. Potential dilutive securities for the years ended December 31, 2016 and 2015 consist of outstanding warrants (9,194,044 and 1,730,868, respectively), outstanding options (4,320,409 and 2,112,800, respectively), outstanding restricted stock units (350,000 and 5,590, respectively), and convertible preferred stock (625,013 and 1,009,021, respectively).

The calculation of diluted loss per share requires that, to the extent the average market price of the underlying shares for the reporting period exceeds the exercise price of the warrants and the presumed exercise of such securities are dilutive to loss per share for the period, an adjustment to net loss used in the calculation is required to remove the change in fair value of the warrants from the numerator for the period. Likewise, an adjustment to the denominator is required to reflect the related dilutive shares, if any, under the treasury stock method. During the year ended December 31, 2016, the Company earned a net gain on the valuation of the Warrant Liability and Warrant Derivative Liability which has a dilutive impact on loss per share.

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
Loss per Share - Basic		
Numerator for basic loss per share	$ (20,811,481)	$ (13,571,997)
Denominator for basic loss per share	17,500,827	13,275,847
Loss per common share - basic	$ (1.19)	$ (1.02)
Loss per Share - Diluted		
Numerator for basic loss per share	$ (20,811,481)	$ (13,571,997)
Adjust: Fair Value of dilutive warrants outstanding	—	(278,431)
Numerator for dilutive loss per share	$ (20,811,481)	$ (13,850,428)
Denominator for diluted loss per share	17,500,827	13,275,847
Plus: Incremental shares underlying “in the money” warrants outstanding	—	160,836
Denominator for dilutive loss per share	17,500,827	13,436,683
Loss per common share - diluted	$ (1.19)	$ (1.03)

Recently Issued Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board (FASB) issued ASU No. 2015-11, " *Simplifying the Measurement of Inventory".* ASU 2015-11 requires that inventory be measured at the lower of cost and net realizable value, which eliminates the other two options that currently exist for market, replacement cost and net realizable value less an approximately normal profit margin. This standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. The Company does not expect this new guidance to have a material impact on its consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”). ASU 2015-17 requires companies to classify all deferred tax assets and liabilities as non-current on the balance sheet instead of separating deferred taxes into current and non-current amounts. For public business entities, the guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all companies in any interim or annual period. The guidance may be adopted on either a prospective or retrospective basis. We have elected to early adopt ASU 2015-17 as of October 1, 2016. There was no impact on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 supersedes the revenue recognition requirements in “Accounting Standard Codification 605 - Revenue Recognition” and most industry-specific guidance. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date.” ASU 2015-14 defers the effective date of ASU 2014-09 by one year to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that period. We currently intend to retrospectively adopt ASU 2014-09 and ASU 2015-14 utilizing the deferred effective date of January 1, 2018. We have begun to evaluate the impact that adoption of this new standard will have on our consolidated financial statements but have not completed the evaluation and implementation process. Preliminarily, we believe that the new standard is not likely to have a material impact on our revenue recognition relating to sales of compounded pharmacy formulations and other pharmacy products by USC.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". The amendments under this pronouncement will change the way all leases with a duration of one year or more are treated. Under this guidance, lessees will be required to capitalize virtually all leases on the balance sheet as a right-of-use asset and an associated financing lease liability or capital lease liability. The right-of-use asset represents the lessee’s right to use, or control the use of, a specified asset for the specified lease term. The lease liability represents the lessee’s obligation to make lease payments arising from the lease, measured on a discounted basis. Based on certain characteristics, leases are classified as financing leases or operating leases. Financing lease liabilities, those that contain provisions similar to capitalized leases, are amortized like capital leases are under current accounting, as amortization expense and interest expense in the statement of operations. Operating lease liabilities are amortized on a straight-line basis over the life of the lease as lease expense in the statement of operations. This update is effective for annual reporting periods, and interim periods within those reporting periods, beginning after December 15, 2018. The Company is currently assessing the impact of adopting this guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations*. ASU 2016-08 is intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. The effective date for ASU 2016-08 is the same as for ASU 2014-09, which will be our first quarter of fiscal 2018. We do not expect adoption of ASU No. 2016-08 to have a significant impact on our financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, *Compensation - Stock Compensation (Topic 718)* ("ASU 2016-09"). ASU 2016-09 changes certain aspects of accounting for share-based payments to employees and involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Specifically, ASU 2016-09 requires that all income tax effects of share-based awards be recognized as income tax expense or benefit in the reporting period in which they occur. Additionally, ASU 2016-09 amends existing guidance to allow forfeitures of share-based awards to be recognized as they occur. Previous guidance required that share-based compensation expense include an estimate of forfeitures. The Company has elected to early adopt ASU 2016-09 as of October 1, 2016 and made a policy election to account for forfeitures as they occur. There was no impact on our consolidated financial statements and related disclosures.

In April 2016, the FASB issued ASU No. 2016-10 **,** *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*. ASU 2016-10 is intended to reduce the cost and complexity of applying the guidance in the FASB's new revenue standard on identifying performance obligations, and is also intended to improve the operability and understandability of the licensing implementation guidance. The effective date for ASU 2016-10 is the same as for ASU 2014-09, which will be our first quarter of fiscal 2018. The Company is currently assessing the impact of adopting this guidance on its consolidated financial statements.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*. ASU No. 2016-12 is a response to concerns brought up by the Joint Transaction Resource Group for Revenue Recognition (TRG). The Update is intended to improve Topic 606 (Revenue from Contracts with Customers) by reducing the potential for diversity in practice and application, and the complexity of application. The effective date for ASU No. 2016-12 defers the effective date for Update 2014-09 (Fiscal periods beginning after December 15, 2016) by one year, which will be fiscal 2017 for us. We do not expect adoption of ASU No. 2016-12 to have a significant impact on our financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. ASU No. 2016-13 is intended to provide users of financial statements with more decision-useful information about credit losses on financial instruments that are expected, but do not yet meet the "probable" threshold. This Update replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. The effective date that applies to SEC filers for ASU No. 2016-13 is for fiscal years beginning after December 15, 2019. We do not expect adoption of ASU No. 2016-13 to have a significant impact on our financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 is intended to provide guidance to eight specific cash flow issues. The amendments have been issued as an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice described above. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2017 and interim fiscal periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. We do not expect adoption of ASU No. 2016-15 to have a significant impact on our financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which requires additional disclosures related to restricted cash. The new standard requires that amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company adopted the standard on December 31, 2016 and it did not have a material effect on its consolidated financial statements other than removing the approximately $1.0 million transfer of cash to restricted from Cash Flows' financing activities.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. Under the new standard, goodwill impairment would be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. This ASU is effective prospectively to impairment tests beginning January 1, 2020, with early adoption permitted. The Company is currently assessing the impact of adopting this guidance on its consolidated financial statements and is considering adopting the standard effective January 1, 2017.

NOTE 4: CONCENTRATIONS

Financial instruments that potentially subject the Company to credit risk consist principally of cash and accounts payable.

Cash

The Company at times may have cash in excess of the Federal Deposit Insurance Corporation ("FDIC") limit. The Company maintains its cash and restricted cash with larger financial institutions. The Company has not experienced losses on these accounts and management believes that the Company is not exposed to significant risks on such accounts.

Purchases and Accounts Payable

The Company had balances greater than 10% of trade accounts payable at December 31, 2016 with a vendor. Vendor A had a balance that accounted for 13% of total accounts payable at December 31, 2016 and approximately $1.4 million in total purchases during the year ended December 31, 2016. The Company had one vendor (Vendor B) with purchases greater than 10% of total purchases for the year ended December 31, 2016. The Company had approximately $3.4 million in total purchases with Vendor B during the year ended December 31, 2016. The Company has no exposure to the elimination of Vendor A and B, there are a number of companies which could provide the same services, and management believes, on comparable terms. Comparatively, the Company had balances greater than 10% of trade accounts payable at December 31, 2015 with two vendors. Vendor A had a balance that accounted for 22% of total accounts payable and Vendor B had a balance of 16% at December 31, 2015. The Company had approximately $262,000 and approximately $1.1 million in total purchases with Vendor A and Vendor B, respectively, during the year ended December 31, 2015.

NOTE 5: ACQUISITION of U.S. COMPOUNDING

On April 12, 2016, the Company filed a report on Form 8-K announcing the completion of its acquisition of U.S. Compounding, Inc., an Arkansas corporation ("USC"), pursuant to the terms of the Agreement and Plan of Merger, dated March 28, 2016 (the "Merger Agreement"), with USC and Ursula MergerSub Corp., an Arkansas corporation and a wholly owned subsidiary of the Company ("Merger Sub"). Pursuant to the terms of the Merger Agreement, Merger Sub merged with and into USC (the "Merger"), with USC surviving as a wholly owned subsidiary of the Company. Pursuant to the Merger and the Merger Agreement, all of the outstanding shares of common stock of USC were converted into the right to receive a total of 1,618,539 shares of Adamis common stock; and as described further below, in connection with the Merger and the transactions contemplated by the Merger Agreement, the Company assumed approximately $5,722,000 principal amount of debt obligations and related loan agreements of USC and certain related entities.

The merger is accounted for as an acquisition of USC under the purchase method of accounting in accordance with FASB Accounting Standard Codification Subtopic 805—Business Combinations. The assets and liabilities of USC will be reflected at fair value on the balance sheet of the Company. The fair value of the assets and liabilities reflected in the financial statements and notes appearing in this Report on Form 10-K was based on the estimated value of USC as of April 11, 2016 (the date on which the Company acquired USC).

Total purchase price plus assumed debt is summarized as follows:

Stock to Seller at Close	$	3,598,884
Stock to Escrow		1,899,000
Incentive Stock to Seller		4,747,500
Plus: Assumed Liabilities		5,722,558
Total Purchase Price	$	15,967,942

The fair value of net assets acquired and liabilities assumed:

Assets Acquired:		
Cash	$	381,883
Accounts Receivable and Prepaid Expenses		527,034
Inventory		943,958
Fixed Assets		5,202,356
Intangible Assets		12,419,000
Goodwill		7,640,622
Total assets		27,114,853
Liabilities Assumed:		
Accounts Payable and Accrued Expenses		5,731,390
Deferred Tax Liability, gross		5,415,521
Total Liabilities		11,146,911
Total Purchase Price Plus Debts Assumed	$	15,967,942

NOTE 6: INVENTORIES

As of December 31, 2016, the inventories of USC, wholly owned subsidiary of the Company, consisted of the following:

Finished Goods	$ 329,195
Raw Material	389,569
Devices	223,303
	$ 942,067

NOTE 7: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Prepaid Insurance	$ 144,765	$ 27,923
Other Prepaid	39,775	456
Other Current Assets	42,500	42,606
	$ 227,040	$ 70,985

NOTE 8: FIXED ASSETS

Fixed assets at December 31, 2016 and December 31, 2015 are summarized in the table below:

Description	Useful Life (Years)	December 31, 2016	December 31, 2015
Land		$ 460,000	$ —
Building	30	3,040,000	—
Machinery and Equipment	3 - 7	1,393,226	97,100
Furnitures and Fixtures	7	129,630	—
Automobile	5	9,395	—
Leasehold Improvements	7 - 15	284,037	—
Total Fixed Assets		5,316,288	97,100
Less: Accumulated Depreciation		(523,552)	(38,840)
CIP - Equipment		104,271	—
Fixed Assets, net		$ 4,897,007	$ 58,260

For the years ended December 31, 2016 and 2015, depreciation expense was $484,712 and $19,420, respectively. There were no additions during the year ended December 31, 2015. The additions to fixed assets of approximately $5,323,000 were primarily due to the acquisition of USC and subsequent fixed assets purchased by USC during 2016.

NOTE 9: INTANGIBLE ASSETS AND GOODWILL

Intangible assets at December 31, 2016 and December 31, 2015 are summarized in the table below:

December 31, 2016	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Definite-lived Intangible assets, estimated lives in years:			
Patents, Taper DPI Intellectual Property, 10 years	$ 9,708,700	$ (2,912,610)	$ 6,796,090
Transition Services Agreement, 1 year	194,200	(194,200)	—
FDA 503B Registration & Compliance, 10 years	3,963,000	(285,116)	3,677,884
Non-compete Agreement, 3 years	1,639,000	(393,056)	1,245,944
Customer Relationships, 10 years	5,572,000	(400,874)	5,171,126
Total Definite-lived Assets	21,076,900	(4,185,856)	16,891,044
Trade Name and Brand, Indefinite	1,245,000	—	1,245,000
Balance, December 31, 2016	$ 22,321,900	$ (4,185,856)	$ 18,136,044

December 31, 2015	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Intangible assets, estimated lives in years:			
Patents, Taper DPI Intellectual Property, 10 years	$ 9,708,700	$ (1,941,740)	$ 7,766,960
Transition Services Agreement, 1 year	194,200	(194,200)	—
Balance, December 31, 2015	$ 9,902,900	$ (2,135,940)	$ 7,766,960

The additions during the year ended December 31, 2016 were due to the acquisition of USC. Amortization expense for years ended December 31, 2016 and 2015 was $2,049,916 and $970,870, respectively.

Estimated amortization expense of definite-lived intangible assets at December 31, 2016 for each of the five succeeding years and thereafter is as follows:

Year ending December 31,		
2017	$	2,470,703
2018		2,470,703
2019		2,077,648
2020		1,924,370
2021		1,924,370
Thereafter		6,023,250
Total	$	16,891,044

Goodwill recorded at the acquisition of USC was approximately $2,225,000. Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill is not amortized but rather evaluated for impairment annually or more frequently, if indicators of impairment exist. If the impairment evaluations for goodwill indicate the carrying amount exceeds the estimated fair value, an impairment loss is recognized in an amount equal to that excess. In addition, the Company recorded a deferred tax liability of approximately $5,416,000 through acquisition goodwill. The carrying value of our goodwill as of December 31, 2016 was approximately $7,641,000. See Note 19 for the goodwill related to the tax impact of the acquisition of USC.

We perform our annual impairment testing as of December 31 each year. As of December 31, 2016, no impairment of goodwill or acquired intangibles was identified. We are not aware of an event or change in circumstances that would indicate the carrying value of any assets held by USC may be impaired as of the measurement date.

NOTE 10: ACCRUED OTHER EXPENSES

Accrued other expenses at December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Accrued Commissions	$ 253,005	$ —
Accrued Expenses	429,865	82,340
Accrued PTO	174,709	77,006
Accrued Salaries	205,700	—
Accrued Sales Taxes	372,675	—
Accrued State Tax	12,200	
Deferred Rent	35,223	54,690
Health Insurance Claims Payable	126,248	—
	$ 1,609,625	$ 214,036

NOTE 11: DEBT

Ben Franklin Note

Biosyn (a wholly owned subsidiary of the Company and previously a wholly owned subsidiary of Cellegy) issued a note payable to Ben Franklin Technology Center of Southeastern Pennsylvania ("Ben Franklin Note") in October 1992, in connection with funding the development of Savvy, a compound then under development to prevent the transmission of HIV/AIDS.

The Ben Franklin Note was recorded at its estimated fair value of $205,000 and was assumed by Cellegy as an obligation in connection with its acquisition of Biosyn in 2004. The repayment terms of the non-interest bearing obligation include the remittance of an annual fixed percentage of 3.0% applied to future revenues of Biosyn, if any, until the principal balance of $777,902 (face amount) is satisfied. Under the terms of the obligation, revenues are defined to exclude the value of unrestricted research and development funding received by Biosyn from nonprofit sources. Absent a material breach of contract or other event of default, there is no obligation to repay the amounts in the absence of future Biosyn revenues. Cellegy accreted the discount of $572,902 against earnings using the interest rate method (approximately 46%) over the discount period of five years, which was estimated in connection with the Ben Franklin Note's valuation at the time of the acquisition.

Accounting principles generally accepted in the United States emphasize market-based measurement through the use of valuation techniques that maximize the use of observable or market-based inputs. The Ben Franklin Note's peculiar repayment terms outlined above affects its comparability with main stream market issues and also affects its transferability. The value of the Ben Franklin Note would also be impacted by the ability to estimate Biosyn's expected future revenues which in turn hinge largely upon future efforts to commercialize the product candidate, the results of which efforts are not known by the Company. Given the above factors and therefore the lack of market comparability, the Ben Franklin Note would be valued based on Level 3 inputs (see Note 12) As such, management has determined that the Ben Franklin Note will have no future cash flows, as we do not believe the product will create a revenue stream in the future. As a result, the Note had no fair market value at the time of the merger in April 2009 between the Company (which was then named Cellegy Pharmaceuticals, Inc.) and the corporation then-named Adamis Pharmaceuticals Corporation.

Secured Convertible Promissory Notes

On June 26, 2013, the Company completed the closing of a private placement financing transaction (the "Transaction") with a small number of accredited institutional investors. Pursuant to a Subscription Agreement (the "Purchase Agreement") and other transaction documents, we issued Secured Convertible Promissory Notes ("Secured Notes") and common stock purchase warrants ("Warrants") to purchase up to 764,960 shares of common stock ("Warrant Shares"), and received gross cash proceeds of $5,300,000, of which $286,349 was used to pay for transaction costs, fees and expenses. The Secured Notes had an aggregate principal amount of $6,502,158. The Secured Notes are no longer outstanding. The exercise price of the Warrants was subject to anti-dilution provisions providing that, with the exception of certain excluded categories of issuances and transactions, if we issue any shares of common stock or securities convertible into or exercisable for common stock, or if common stock equivalents are repriced, at an effective price per share less than the exercise price, without the consent of a majority interest of the investors, the exercise price would be adjusted downward to equal the per share price of the securities issued or deemed issued in such transaction.

The Warrants were exercisable for a period of five years from the date of issuance. The exercise price of the Warrants was initially $12.155 per share (and was subsequently reduced to $3.40 per share), which was 110% of the closing price of the common stock on the day before the closing. The Warrants provided for proportional adjustment of the number and kind of securities purchasable upon exercise of the Warrants and the per share exercise price upon the occurrence of certain specified events, and included price anti-dilution provisions which provided for an adjustment to the per share exercise price of the Warrants and, in certain instances, the number of shares issuable upon exercise of the Warrants, if the Company issued common stock or common stock equivalents at effective per share prices lower than the exercise price of the Warrants. The Warrants included call provisions and, as described in great detail in the paragraph below, subject to a call notice given by the Company in May 2016, after expiration of the applicable call period all unexercised Warrants were cancelled in June 2016.

On May 31, 2016, the Company gave a Call Notice to all outstanding warrant holders to exercise the warrants. A Call Notice may be given only within 10 trading days after any 20-consecutive trading day period during which the volume weighted average price ("VWAP") of the Company's common stock is not less than 250% of the exercise price for the Warrants in effect for 10 out of such 20-consecutive trading day period. A holder must exercise the Warrant and purchase the called Warrant Shares within 14 trading days after the Call Date, or the Warrant will be cancelled with respect to the unexercised portion of the Warrant that was subject to the Call Notice. After the expiration of the applicable period, in June 2016 the holders of unexercised warrants were informed that the unexercised warrants subject to the Call Notice were canceled.

The Warrants with the embedded call option at issuance were valued using the Binomial Option Pricing Model ("BOPM"). The estimated fair value of a single Warrant, including the call option, was $2.329 per share and the estimated value of the Warrant anti-dilution reset feature was $1.2002 per share. As a result, the Company recorded liabilities for the warrant and warrant down-round protection derivative totaling $2,398,280. The warrant and warrant derivative liabilities at December 31, 2016 were zero with the cancellation of the June 2013 warrants, see Note 12.

Working Capital Line of Credit

On March 28, 2016, the Company entered into a loan and security agreement (sometimes referred to as the "Adamis Working Capital Line") with Bear State Bank, N.A. (the "Lender" or the "Bank"), pursuant to which the Company may borrow up to an aggregate of $2,000,000 to provide working capital to USC, subject to the terms and conditions of the loan agreement. Interest on amounts borrowed under the Adamis Working Capital Line accrues at a rate equal to the prime interest rate, as defined in the agreement. Interest payments are required to be made quarterly. As amended effective March 31, 2017, the entire outstanding principal balance, and all accrued and unpaid interest and all other sums payable pursuant to the loan documents, are due and payable on March 1, 2018, or sooner upon the occurrence of certain events as provided in the loan agreement and related documents. The Company's obligations under the loan agreement are secured by certain collateral, including without limitation its interest in amounts that it has loaned to USC, and a warrant that the Company issued to the Bank to purchase up to 1,000,000 shares of the Company's common stock at an exercise price equal to par value per share, exercisable only if the Company is in default under the loan agreement or related loan documents.

On November 10, 2016, the Adamis Working Capital Line with the Bank was amended to include a Certificate of Deposit for $1.0 million as additional collateral to the working capital line of credit, and to make certain other amendments to the loan documents relating to the Adamis Working Capital Line. The $1.0 million in Certificate of Deposit with the Bank, included as collateral, was recorded as Restricted Cash.

As of December 31, 2016, the loan balance on the Adamis Working Capital Line of credit was $2,000,000 and interest expense related to the loan was approximately $47,000 for the year ended December 31, 2016.

Loans Assumed from Acquisition of USC:

Building Loan

In connection with the closing of the USC Merger and the transactions contemplated by the Merger Agreement, 4 HIMS, LLC, an entity of which Eddie Glover, the chief executive officer of USC, and certain other former stockholders of USC are members, agreed to sell to the Company, the building and property owned by 4 HIMS on which USC's offices are located, in consideration of the Company being added as an additional "borrower" and assuming the obligations under the loan agreement, promissory note and related loan documents that 4 HIMS and certain other parties previously entered into with the Lender (the "4 HIMS Loan Documents").

On November 10, 2016, a Loan Amendment and Assumption Agreement was entered with into the Bank. Pursuant to the agreement, the Company agreed to pay the Bank monthly payments of principal and interest of $15,411, with a final monthly payment and any other amounts due under the 4 HIMS Loan Document due and payable in August 2019.

As of December 31, 2016, the outstanding principal balance owed on the applicable note was approximately $2,440,664. The loan currently bears an interest of 3.75% per year and interest expense for the year ended December 31, 2016 was approximately $81,000, of which approximately $8,000 was accrued.

USC Working Capital Loan

In connection with the Merger, Adamis agreed to be added as a Borrower and to assume the obligations as a Borrower under the USC Working Capital Loan Agreement and related promissory note and other related loan documents (the "USC Working Capital Loan Documents"). Under the USC Working Capital Loan Agreement, Lender agreed to loan funds to USC, as the "Borrower," up to an aggregate principal amount of $2,500,000, and evidenced by the USC Working Capital Note. Borrowings are limited to 80% of qualified trade accounts receivables and 50% of qualified inventories per the borrowing base agreement and are collateralized with trade accounts receivables and inventory.

On November 10, 2016, the Company and Lender agreed to amend the USC Working Capital Loan Documents to provide that the personal property securing the Loan will also secure the Borrower's obligations under the other USC Loan Documents with the Lender. In addition, a new financial covenant replaced the previous financial covenants, providing that USC will, at all times during the term of the loan, maintain a "Cash Flow Coverage Ratio" of not less than 1.2:1. "Cash Flow Coverage Ratio" is defined as: (i) net income plus non-cash expense items including, but not limited to, depreciation expense, amortization expense and option expense for the month in which the measurement date occurs times 12; divided by (ii) the cash required for payments of interest for the prospective twelve (12) month period and current maturities of principal on all outstanding debt to any person or entity, including without limitation to debt by the Company to the Lender. The Cash Flow Coverage Ratio will be measured on the last day of each December, March, June and September, commencing on December 31, 2016. Under the amendment, in lieu of compliance with the foregoing covenant, Borrower has the option, at the time of each quarterly measuring period, of making a principal reduction in the amount of Two Hundred Fifty Thousand Dollars ($250,000).

In addition, pursuant to the amendment, Borrower and Lender agreed that certain other financial covenants set forth in the loan agreement included in the 4 HIMS Loan Documents, the loan agreement included in the Tribute Loan Documents, and the loan agreement included in the USC Equipment Loan Agreement, as well as the original USC Working Capital Loan Agreement described above, are waived for the remainder of the term of the respective loans. The amended loan will mature on September 30, 2017.

As of December 31, 2016, the outstanding unpaid principal balance was approximately $1,864,000. The note currently accrues interest at 3.25% per year, and interest expense for the year ended December 31, 2016 was approximately $49,000, of which approximately $5,000 was accrued.

Equipment Loans, Consolidated

Equipment Loan, Tribute. In connection with the Merger, Tribute Labs, LLC, a Nevada limited liability company and former related party of USC ("Tribute" or "Borrower") assigned to Adamis all of its rights under the loan agreement, promissory note and related loan documents that Tribute and certain other parties previously entered into with the Lender (the "Tribute Loan Documents"). Adamis agreed to become an additional co-borrower and to assume Borrower's obligations under the Tribute Loan Documents, in consideration of the transfer to USC of laboratory equipment owned by Tribute and used to perform testing services for USC's products, and Lender consented to such assignment. The outstanding unpaid principal balance under the applicable note that was consolidated to one equipment loan was approximately $518,000. Prior to the consolidation, the loan had an interest rate of 4.75% per year.

USC Equipment Loan. In connection with the Merger, Adamis agreed to become a Borrower and to assume the obligations as a Borrower under the USC Equipment Loan Agreement and the related USC Equipment Loan Documents. Under the USC Equipment Loan Agreement, Lender agreed to loan funds to USC, as the "Borrower," up to an aggregate principal amount of $700,000, with amounts loaned evidenced by the Commercial Line of Credit Agreement and Note (the "USC Equipment Note"). The loan is collateralized by USC's property and equipment. The outstanding unpaid principal balance under the USC Equipment Note that was consolidated to one equipment loan was approximately $635,000. The note had an interest rate of 3.25% per year.

Consolidated Equipment Loans. On November 10, 2016, the Company and the Lender agreed to the amendment and consolidation of the above USC and Tribute equipment loans. The principal amount of the consolidated loans is $1,152,890 with an interest rate of 3.75% per annum. The loan is payable in three years at an equal monthly amortization of $33,940 commencing on November 1, 2016, and continuing on the first day of each succeeding month through October 1, 2019. As of December 31, 2016, the outstanding unpaid principal balance was approximately $1,092,000. Interest expense for the year was approximately $37,000, of which approximately $4,000 was accrued.

Loan Amendment, Forbearance and Assumption Agreement

In connection with our acquisition of USC in April 2016, Lender, Adamis, USC, 4 HIMS and Tribute (USC, 4 HIMS and Tribute sometimes referred to as the "Initial Loan Parties" and together with Adamis, collectively the "Loan Parties"), and certain individual guarantors, entered into a Loan Amendment, Forbearance and Assumption Agreement (the "Loan Amendment Agreement").

Pursuant to the Loan Amendment Agreement, Adamis was added as a "Borrower" and co-borrower under the loan agreements and related loan documents between USC (and certain other entities) and Lender (the "USC Loan Documents"), and assumed all of the rights, duties, liabilities and obligations as a Borrower and a party under the USC Loan Documents, jointly and severally with the current borrower or borrowers under each of the USC Loan Documents.

In the Loan Amendment Agreement, the Initial Loan Parties acknowledged that the USC Loans were in default with respect to certain nonmonetary covenants contained in the USC Loan Documents. The Bank agreed that all obligations of the Bank to forbear from pursuing its available remedies to collect the obligations evidenced and secured by the USC Loan Documents shall conditionally exist until October 31, 2016 (the "Forbearance Period"). During the Forbearance Period, and subject to the terms of the Loan Amendment Agreement and the compliance by the Loan Parties with their obligations under the Loan Amendment Agreement, the Bank agreed that it would not pursue available remedies existing as a result of the Loan Parties' failure to comply with the nonmonetary covenants of the Loan Parties as set forth in the USC Loan Documents. Upon the expiration of the Forbearance Period, all monetary and nonmonetary obligations of the Loan Parties as set forth in the USC Loan Documents will be fully reinstated or waived. As described above, in connection with the November 2016 amendments to the loan documents with the Bank, the nonmonetary covenants contained in the USC Loan Documents were amended and modified.

The Loan Parties agreed during the Forbearance Period to (i) continue to make all regularly scheduled payments of principal and interest due as set forth in the USC Loan Documents, and (ii) except to the extent modified in the Loan Amendment Agreement, comply with all covenants of the Loan Parties set forth in the USC Loan Documents. In the Loan Amendment Agreement, each Initial Loan Party reaffirmed its obligations under the USC Loans and made certain other representations, warranties and agreements regarding the USC Loans, and the Bank acknowledged that the applicable Borrower was current in its interest payments or other obligations under the applicable Loan Documents that are due and payable before the date of the Loan Amendment Agreement. The parties also agreed that the real and personal property securing each of the USC Loans will also secure each of the other USC Loans, as well as the Adamis Working Capital Line of $2.0 million.

Except as expressly set forth in the Loan Amendment Agreement, as amended, the terms and provisions set forth in the USC Loan Documents were not modified and remain in full force and effect. Subject to the satisfaction of all conditions precedent set forth in the Loan Amendment Agreement, the Bank consented to the transfer of the real and personal property by 4 HIMS and Tribute to Adamis and the foregoing acceptance and assumptions by Adamis. The Loan Amendment Agreement provide for a number of conditions precedent to Bank's obligations under the agreement, including without limitation: (i) satisfactory title insurance and other insurance regarding the 4 HIMS Property; (ii) satisfactory lien searches and UCC-1 financing statements; (iii) any other document and agreements required by the Bank; (iv) accuracy of the representations and warranties set forth in the Loan Amendment Agreement; and (v) certain other customary conditions.

The notes are subject to customary subjective acceleration clauses, effective upon a material impairment in collateral, a material adverse change in the Company's business or financial condition, or a material impairment in the Company's ability to repay the note. As of December 31, 2016, the Company was not in breach of any of the debt covenants.

At December 31, 2016 the principal maturities of the amended long-term debts were as follows:

Years Ending December 31	Building Loan	Equipment Loan	Total
2017	$ 93,768	$ 372,196	$ 465,964
2018	97,397	386,597	483,994
2019	2,249,500	333,572	2,583,072
Total	$ 2,440,665	$ 1,092,365	$ 3,533,030

NOTE 12: DERIVATIVE LIABILITY AND FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) 815 - Derivatives and Hedging provides guidance to determine what types of instruments, or embedded features in an instrument, are considered derivatives. This guidance can affect the accounting for convertible instruments that contain provisions to protect holders from a decline in the stock price, or down-round provisions. Down-round provisions reduce the exercise price of a convertible instrument if a company either issues equity shares for a price that is lower than the exercise price of those instruments, or issues new convertible instruments that have a lower exercise price. We have determined that the conversion feature with the down-round provision on the warrants issued related to the Gemini notes, issued and repaid in the previous period, should be treated as a derivative liability. The Company is required to report the conversion feature liability and the derivative liability resulting from the down-round provision at fair value and record the fluctuation of the fair value in current operations.

The Company recognizes the derivative liabilities at their respective fair values at inception and on each reporting date. The Company values its financial assets and liabilities on a recurring basis and certain nonfinancial assets and nonfinancial liabilities on a nonrecurring basis based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other that Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The Company recognizes the derivative liabilities at their respective fair values at inception and on each reporting date. The Company utilized a binomial option pricing model ("BOPM") to develop its assumptions for determining the fair value of Warrants and related anti-dilution features.

Key assumptions at December 31, 2015 for the Warrants discussed include a volatility factor of 72.5%, a dividend yield of 0%, expected life of 2.5 years and a risk free interest rate of 1.55%.

The number of liability classified Warrants outstanding as of December 31, 2016 and December 31, 2015 were zero and 575,164, respectively. As shown in the table below, after the cancellation of the Warrants with call options the carrying value at December 31, 2016 was $0 and the carrying value of the down-round protection derivative for the same date was $0.

During the year ended December 31, 2016, a total of 52,288 warrants were exercised, reducing the fair value warrants and derivative liabilities and increasing Additional Paid in Capital by $160,245.

The table below provides a reconciliation of beginning and ending balances for the liabilities measured at fair value using significant unobservable inputs (Level 3):

	Warrants	Warrant Down-round Protection Derivative	Total
Balance, December 31, 2014	$ (1,809,949)	$ (256,530)	$ (2,066,479)
Release of Warrants Liability upon Exercise	201,739	28,593	230,332
Net Change in Fair Value	433,898	(155,467)	278,431
Balance, December 31, 2015	(1,174,312)	(383,404)	(1,557,716)
Release of Warrants Liability upon Exercise	124,982	35,263	160,245
Net Change in Fair Value	1,049,330	348,141	1,397,471
Balance, December 31, 2016	$ —	$ —	$ —

The derivative liabilities are considered Level 3 liabilities on the fair value hierarchy as the determination of fair values includes various assumptions about future activities and stock price and historical volatility inputs.

The following table describes the valuation techniques used to calculate fair values for assets in Level 3. There were no changes in the valuation techniques during the year ended December 31, 2016 and 2015.

	Fair Value at December 31, 2016	**Fair Value at December 31, 2015**	**Valuation Technique**	**Unobservable Input**	**Range**
Warrants and Warrant Down-round Protection Derivative (combined)	$ —	$ 1,557,716	Binomial Option Pricing Model	Probability of common stock issuance at prices less than exercise prices stated in agreements	— & 50%, respectively
				Probability of reset provision being waived	— & 5%

Significant unobservable inputs for the derivative liabilities include (1) the estimated probability of the occurrence of a down-round financing during the term over which the related debt and warrants are convertible or exercisable, (2) the estimated magnitude of the down-round, and (3) the probability of the reset provision being waived. These estimates which are unobservable in the market were utilized to value the anti-dilution features of the warrants as of December 31, 2015.

NOTE 13: LEGAL MATTERS

The Company may become involved in or subject to, routine litigation, claims, disputes, proceedings and investigations in the ordinary course of business, which in management's opinion will not have a material adverse effect on our financial condition, cash flows or results of operations. Any such litigation could divert management time and attention from Adamis, could involve significant amounts of legal fees and other fees and expenses.

NOTE 14: LICENSING AGREEMENTS

Viral Therapies

On July 28, 2006, the Company entered into a nonexclusive, royalty free license agreement with an entity for the technology used to research and develop new viral therapies, and an exclusive royalty-bearing license requiring a small percentage of revenue received by the Company on future products developed and sold with a payment cap of $10,000,000. The Company paid the entity an initial license fee and granted one of the entity's officers the right to purchase 1,000,000 shares of common stock of the Company at price of $0.001 pursuant to a separate stock purchase agreement. The Company also granted the entity a royalty-free non-exclusive license to use any improvements made on the existing technology for research purposes only. The Company and the entity have the right to sublicense with written permission of each party. In the event that the entity sublicenses or sells the improved technology to a third party, then a portion of the total payments, to be decided by mutual agreement, will be due to the Company.

The Company is obligated to make the following milestone payments to the entity based on commencement of various clinical trials and submissions of an application to the FDA for regulatory approval:

Amount	Date due
$ 50,000	Within 30 days of commencement of Phase I/II clinical trial.
$ 50,000	Within 30 days of commencement of a separate Phase II trial as required by the FDA.
$ 300,000	Within 30 days of commencement of a Phase III trial.
$ 500,000	Within 30 days of submission of a biological license application or a new drug application with the FDA.

Total milestone payments are not to exceed $900,000 and can only be paid one time and will not repeat for subsequent products. At December 31, 2016 and December 31, 2015, no milestones have been achieved.

The agreement will remain in effect as long as the patent rights remain in effect. Adamis has the right to terminate the agreement if it is determined that no viable product can come from the technology. Adamis would be required to transfer and assign all filings, rights and other information in its control if termination occurs. Adamis would retain the same royalty rights for license, or sublicense, agreements if the technology is later developed into a product.

Either party may terminate the license agreement in the event of a material breach of the agreement by the other party that has not been cured or corrected within 90 days of notice of the breach.

Influenza Vaccine

On September 22, 2006, the Company entered into an agreement with an entity to manufacture an influenza vaccine for the Company. The agreement requires the Company to pay $70,000 upon commencement of the project, followed by monthly payments based upon services performed until the project is complete. No product has been manufactured and no payments have been made as of December 31, 2016. Once the project begins, the total payments will aggregate $283,420. The project has an open ended start time. Adamis may terminate the agreement upon notice to the other party, other than reimbursing the other party for non-cancellable materials and supplies ordered, and work in progress, through the date of the termination.

Colby Pharmaceuticals

On February 24, 2010, the Company entered into an agreement with Colby Pharmaceutical Company ("Colby") to acquire three separate exclusive license agreements, covering three small molecule anti-inflammatory compounds, named APC-100, APC-200 and APC-300, for the potential treatment of human prostate cancer, or PCa, in exchange for shares of the Company's common stock. Colby licensed the patents, patent applications and related intellectual property relating to the compounds pursuant to license agreements with a third party ("WARF"). Pursuant to the agreement as amended, on February 25, 2010, the Company was assigned and transferred the license agreement relating to the APC-300 compound in consideration of the issuance of 47,059 shares of common stock to Colby. The transfer of the license agreements relating to APC-100 and APC-200 occurred at a subsequent closing, pursuant to an amendment to the original agreement. Under the amendment, Colby assigned and transferred to the Company the license agreements relating to APC-100 and APC-200 in consideration for the issuance to Colby of 294,118 shares of the Company's common stock. Additionally, the Company issued 73,529 shares to each of two parties related to Colby, for consulting services rendered to the Company in connection with the intellectual property covered by the license agreements.

Under the agreements, with respect to sublicenses granted by the Company, the Company is to pay WARF according to the following schedule:

1. Forty percent (40%) of amounts received under each agreement entered into before an Investigational New Drug ("IND") application is filed by the Company with the Federal Drug Administration ("FDA") for a Product made a subject of the sublicense.

2. Thirty percent (30%) of amounts received under each agreement entered into after the filing of an IND under item (1) above until completion of a Phase 1 clinical trial by the Company for that Product.

3. Twenty-five percent (25%) of amounts received under each agreement entered into after completion of item (2) above until completion of a Phase II clinical trial by the Company for that Product.

4. Twenty percent (20%) of amounts received under each agreement entered into after completion of item (3) above until a New Drug Application ("NDA") has been approved by the FDA for that Product.

5. Ten percent (10%) of amounts received under each agreement entered into after the NDA has been approved by the FDA for that Product.

Milestone Payments are outlined below:

1. $25,000 upon the filing of the first IND or comparable regulatory filing for a human therapeutic Product.

2. $150,000 upon the enrollment of its first patient under a Phase II clinical trial for the first human therapeutic Product.

3. $200,000 upon the enrollment of its first patient under a Phase III clinical trial for the first human therapeutic Product.

4. $250,000 for the first NDA or comparable regulatory approval for a human therapeutic Product.

These milestone payments occur only once for each of the compounds. As of December 31, 2016, the Company disbursed a total of $25,000 in milestone payments. No additional milestones were met during 2016.

On November 10, 2016, the Company delivered a notice of termination to WARF of the WARF Agreements, which such termination to be effective 90 days after delivery of the notice. These agreements permit either party to terminate the agreements upon prior notice to the other party, without termination fees or penalties. As a result of termination of these agreements, the Company will not be responsible after the effective date of termination for minimum annual payments under the agreements or for payment of patent-related fees and costs relating to the licensed patents and technologies. As part of the winding up and termination process, the Company is responsible for certain expenses and costs incurred through the effective date of termination, and certain provisions of the agreements survive the termination or expiration of the agreements.

Regents of the University of California and Dana-Farber Cancer Institute

On April 18, 2011, the Company entered into an agreement with The Regents of the University of California (University) and the Dana-Farber Cancer Institute, Inc. (DFCI) to acquire the Telomerase Reverse Transcriptase as Antigen for Immunization in Cancer. The term of the agreement expires with the last expiration of the last patent covered by the license.

Under the agreement, with respect to sublicenses granted by the Company, the Company is to pay the University and DFCI according to the following schedule:

1. A license issue fee of $10,000, within thirty (30) days after the effective date.

2. License maintenance fees of $10,000 per year and payable on the first through third anniversary of the effective date and $20,000 annually thereafter on each anniversary until commercially selling a licensed product.

3. Milestone payments in the amounts payable according to the following schedule or events:

   (i) $25,000 upon dosing of 50% of the patients expected to be enrolled for a Phase I clinical trial for the first indication (if such a trial is needed) of a licensed product;

   (ii) $25,000 upon the filing of an IND for the second indication of a licensed product;

   (iii) $100,000 upon dosing of the first patient and $150,000 upon dosing of the 40th patient in a Phase II clinical trial for the first indication of a licensed product;

   (iv) $250,000 upon dosing of the first patient for a Phase II clinical trial for the second indication of a licensed product;

   (v) $600,000 upon dosing of the first patient for a Phase III clinical trial for the first indication of a licensed product;

   (vi) $600,000 upon dosing of the first patient for a Phase III clinical trial for the second indication of a licensed product;

   (vii) $1,000,000 upon receipt of U.S. regulatory approval for each indication of a licensed product.

4. An earned royalty of two percent (2%) on net sales of licensed products as defined in the agreement.

During the years ended December 31, 2016 and December 31, 2015, the Company expensed license fees and patent defense costs related to this agreement of approximately $20,000 and $20,000 per year, respectively. During the year ended December 31, 2016, no milestones were met.

On November 10, 2016, the Company delivered a notice of termination to UCSD and DFCI of the UC/DF Agreement. Under the terms of the agreement, the notice of termination is effective 90 days after delivery. The agreement permits either party to terminate the agreement upon prior notice to the other party, without termination fees or penalties. As a result of termination of the agreement, the Company will not be responsible after the effective date of termination for minimum annual payments under the agreements or for payment of patent-related fees and costs relating to the licensed patents and technologies. As part of the winding up and termination process, the Company is responsible for certain expenses and costs incurred through the effective date of termination, and certain provisions of the agreements survive the termination or expiration of the agreement.

Termination of License Agreements Relating to Vaccine and Cancer Technologies

As has been disclosed in the Company's previous filings with the SEC, the Company has previously entered into a number of license agreements pursuant to which the Company has acquired license rights regarding patent rights relating to a number of potential therapeutic vaccine and cancer product candidate technologies. In April 2010, the Company acquired rights as licensee under three exclusive license agreements (the "WARF Agreements") with the Wisconsin Alumni Research Foundation ("WARF") regarding certain prostate cancer technologies and product candidates, named APC-100, APC-200 and APC-300. In April 2011, the Company entered into an exclusive license agreement (the "UC/DF Agreement") with The Regents of the University of California ("UCSD") and the Dana-Farber Cancer Institute, Inc. ("DFCI"), pursuant to which the Company licensed certain patent rights relating to a telomerase-based cancer vaccine technology.

The Company has also disclosed in its previous filings that it is currently primarily focused on its specialty pharmaceutical products and compounding pharmacy operations and does not intend to devote material financial resources for research and development of its licensed cancer and biotechnology product candidates and technologies.

On November 10, 2016, the Company delivered a notice of termination to UCSD and DFCI of the UC/DF Agreement. Under the terms of the agreement, the notice of termination is effective 90 days after delivery. Also on November 10, 2016, the Company delivered a notice of termination to WARF of the WARF Agreements, which such termination to be effective 90 days after delivery of the notice. These agreements permit either party to terminate the agreements upon prior notice to the other party, without termination fees or penalties. As a result of termination of these agreements, the Company will not be responsible after the effective date of termination for minimum annual payments under the agreements or for payment of patent-related fees and costs relating to the licensed patents and technologies. As part of the winding up and termination process, the Company is responsible for certain expenses and costs incurred through the effective date of termination, and certain provisions of the agreements survive the termination or expiration of the agreements.

3M License and Asset Acquisition Agreement

On August 1, 2013, we entered into an agreement to initially license and, with an additional closing payment fully acquire from 3M Company and 3M Innovative Properties Company ("3M"), certain intellectual property and assets relating to 3M's Taper Dry Powder Inhaler (DPI) technology under development for the treatment of asthma and chronic obstructive pulmonary disease, for total cash consideration of $10 million. The intellectual property includes patents, patent applications and other intellectual property relating to the Taper assets. We granted back to 3M a license to the intellectual property assets outside of the dry powder inhalation field.

The Company hired an independent valuation specialist to assist management with its determination of the fair value of the tangible and intangible assets acquired to be used in research and development. Management is responsible for the estimates and valuations. The work performed by the independent valuation specialist has been considered in management's estimates of fair value reflected below.

In addition to the patents and intellectual property, the Company also acquired a transition services agreement outlined in the asset purchase agreement, which provides the buyer certain knowledge transfer rights related to the Taper technology. 3M will provide around five hundred (500) hours of services to the Company as set forth in the letter agreement.

The following table summarizes the fair values of the identifiable assets acquired on December 27, 2013:

Description		
Taper DPI Intellectual Property	$	9,708,700
Equipment		97,100
3M Transition Services Agreement		194,200
	$	10,000,000

The values listed above were determined using the cost savings and discounted cash flow methods. Value is estimated based on the cost savings attributable to the asset being appraised which in this case was the transition service agreement. As with most income-based valuation methods, the cost (or royalty) savings method are generally estimated on an after tax basis and discounted using an after tax discount rate. The cost savings method was used to value the transition services agreement. Discounted cash flow analysis involves projecting monetary benefits directly associated with an asset and factoring them to reflect present value at a rate that considers the risk and rate of return associated with the subject asset. In the application of this approach, the value of the asset is considered to be the sum of the present values of the future cash flows received over the expected life of the asset. We applied the discounted cash flow method to estimate the fair value of the acquired intellectual property (patents and unpatented technology associated with the taper dry powder inhaler IP). In regards to the Taper DPI, we calculated the after-tax net income, or cash flow related to the technology and discounted the future income with a discount rate of 26.5%, a 5.0% premium over the weighted average cost of capital.

NOTE 15: COMMITMENTS AND CONTINGENCIES

The Company may become involved in or subject to, routine litigation, claims, disputes, proceedings and investigations in the ordinary course of business, which in our opinion will not have a material adverse effect on our financial condition, cash flows or results of operations. Any such litigation could involve significant amounts of legal fees and other fees and expenses.

On February 1, 2014, the Company entered into a sublease agreement in connection with the relocation of the Company's principal headquarters. The new sublease covered approximately 7,525 square feet and had a term that expired November 30, 2014. Rent during the term was $15,050 per month.

On April 1, 2014, the Company entered into a modification of its sublease agreement. The terms of the modification began December 1, 2014 and extended the expiration date to November 30, 2018. Average rent expense is approximately $23,304 per month, with a deposit of $170,000 due in November 2014. In December 2016, $42,500 of the deposit was applied to rent and the balance of deposit as of December 31, 2016 was $85,000. The base rent expense over the life of the lease is approximately $1,118,600. Total rent expense for the years ended December 31, 2016 and 2015 was $279,650 per year.

Future minimum lease payments as of December 31, 2016 are as follows:

For the Years Ending December 31,		
2017	$	308,090
2018		263,129
	$	571,219

NOTE 16: CAPITAL STRUCTURE

Between January 7, 2016 and February 26, 2016, the Company issued common stock upon exercise of an investor warrant. The warrant holder exercised for cash at an exercise price of $3.40 per share. The Company received a total of approximately $89,000 and the warrant holder received 26,144 shares of common stock.

In February 2016, the Company issued 1,258 shares of common stock upon exercise of options granted under the Company's 2009 Equity Incentive Plan. The option holder utilized a cashless net exercise (based on a common stock price of $4.77 per share on the date of exercise) of a total of 16,667 stock options with an exercise price of $4.41.

On April 11, 2016, the Company completed its acquisition of U.S. Compounding, Inc. Pursuant to the merger agreement, the Company issued a total of 1,618,539 shares of Adamis common stock to the former shareholders of USC.

On April 15, 2016, the Company issued common stock upon exercise of an investor warrant. The warrant holder exercised for cash at an exercise price of $3.40 per share. The Company received a total of approximately $89,000 and the warrant holder received 26,144 shares of common stock.

On May 26, 2016, the Company issued a total of 10,708 shares of common stock upon exercise of options granted under the Company's 2009 Equity Incentive Plan. The option holders utilized a cashless net exercise (based on a common stock price of $8.51 per share on the date of exercise) of a total of 29,712 stock options with an exercise price ranging from $4.10 to $6.53.

On June 2, 2016, the Company awarded a total of 6,669 shares of common stock to two employees of U.S. Compounding, Inc. in consideration of services rendered to the company valued at approximately $59,000.

In June 2016, 1,009,021 and 1,183,432 shares of Series A Convertible Preferred and Series A-1 Convertible Preferred, respectively, were converted into shares of common stock at a 1:1 conversion ratio.

On August 3, 2016, the Company completed a registered direct offering of 3,573,255 shares of common stock and warrants to purchase 3,573,255 shares of common stock under its existing shelf registration statements. The shares and warrants were sold in units, each unit consisting of (i) one share of common stock and (ii) one warrant to purchase one share of common stock at an exercise price of $2.98 per share, at a purchase price of $3.095 per unit. The warrants will expire five years from the date on which they become exercisable. Gross proceeds from the offering, after deducting placement agent fees, were approximately $10.2 million, excluding any future proceeds from the potential exercise of the warrants and before deducting other estimated offering expenses payable by the Company.

Between October 10, 2016 and December 20, 2016, 1,099,124 shares of Series A-2 Convertible Preferred were converted into shares of common stock at a 1:1 ratio.

NOTE 17: CONVERTIBLE PREFERRED STOCK

August 2014 Series A Preferred Stock

In August 2014, the Company completed a private placement transaction with a small number of sophisticated investors pursuant to which the Company issued 1,418,439 shares of Series A Convertible Preferred Stock and warrants to purchase up to 1,418,439 shares of common stock. The shares of Series A Preferred and warrants were sold in units, with each unit consisting of one share and one warrant, at a purchase price of $3.525 per unit. The Series A Preferred is convertible into shares of common stock at an initial conversion rate of 1-for-1 (subject to stock splits, reverse stock splits and similar events) at any time at the discretion of the investor. The exercise price of the warrants is $3.40 per share, and the warrants are exercisable for five years. If the Company grants, issues or sells any Common Stock equivalents pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then a holder of Series A Preferred or warrants will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder could have acquired if the holder had held the number of shares of Common Stock acquirable upon conversion of the Series A Preferred or exercise of the warrants (without regard to any limitations on conversion). If the Company declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, then a holder of Series A Preferred or warrants is entitled to participate in such distribution to the same extent as if the holder had held the number of shares of Common Stock acquirable upon complete conversion of the Series A Preferred or exercise of the warrants (without regard to any limitations on conversion). In accordance with the transaction agreements, the Company filed a registration statement with the SEC, which has been declared effective, to register the resale from time to time of shares of common stock underlying the Series A Preferred and the warrants.

The warrants include call provisions giving the Company the option, subject to various conditions, to call the exercise of any or all of the 2014 warrants, by giving a call notice to the warrant holders. We may give a call notice only within (i) if a holder and its affiliates beneficially own 2% or less of our outstanding common stock, then 10 trading days after any 20-consecutive trading day period during which the daily volume weighted average price of the common stock (the "VWAP") is not less than 250% of the exercise price for the 2014 warrants in effect for 10 out of such 20-consecutive trading day period, and (ii) if holder and its affiliates beneficially own more than 2% of the outstanding common stock, five trading days after any 30-consecutive trading day period during which the VWAP of the common stock is not less than 250% of the exercise price then in effect for 25 out of such 30-consecutive trading day period. The exercise price of the 2014 warrants is $3.40 per share, and accordingly 250% of such exercise price is $8.50 per share. During a "call period" of 30 trading days following the date on which the call notice is deemed given and effective (with the call period being extended for one trading day for each trading day during the call period during which the VWAP is less than 225% of the exercise price then in effect during the call period), a holder may exercise the 2014 warrant and purchase the called warrant shares. Subject to the foregoing and to the other provisions of the 2014 warrants, if the holder fails to timely exercise the called 2014 warrant, the Company may cancel the unexercised called warrant (or portion thereof that was called). The warrants to purchase 1,418,439 shares remain outstanding as of December 31, 2016.

As of December 31, 2016, the investors have converted 1,418,439 shares of Series A Preferred into an equal number of shares of common stock, with no shares of Series A Preferred remaining outstanding.

January 2016 Series A-1 Preferred Stock

On January 26, 2016, the Company completed a private placement transaction with a small number of accredited investors pursuant to which the Company issued 1,183,432 shares of Series A-1 Convertible Preferred Stock ("Series A-1 Preferred") and warrants to purchase up to 1,183,432 shares of common stock or Series A-1 Preferred. The shares of Series A-1 Preferred and warrants were sold in units, with each unit consisting of one share and one warrant, at a purchase price of $4.225 per unit. The Series A-1 Preferred is convertible into shares of common stock at an initial conversion rate of 1-for-1 (subject to stock splits, reverse stock splits and similar events) at any time at the discretion of the investor. The exercise price of the warrants is $4.10 per share, and the warrants are exercisable at any time over the five year term of the warrants. If the Company grants, issues or sells any Common Stock equivalents pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then a holder of Series A-1 Preferred or warrants will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder could have acquired if the holder had held the number of shares of Common Stock acquirable upon conversion of the Series A-1 Preferred or exercise of the warrants (without regard to any limitations on conversion). If the Company declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, then a holder of Series A-1 Preferred or warrants is entitled to participate in such distribution to the same extent as if the holder had held the number of shares of Common Stock acquirable upon complete conversion of the Series A-1 Preferred or exercise of the warrants (without regard to any limitations on conversion). Gross proceeds to the Company were approximately $5,000,000 excluding transactions costs, fees and expenses. In accordance with the transaction agreements, the Company filed a registration statement with the SEC, which has been declared effective, to register the resale from time to time of shares of common stock underlying the Series A-1 Preferred and the warrants. The January 2016 warrants include call provisions that are generally similar to the 2014 warrants. The exercise price of the January 2016 warrants is $4.10 per share, and accordingly 250% of such exercise price is $10.25 per share. The warrants to purchase 1,183,432 shares remain outstanding as of December 31, 2016.

As of December 31, 2016, the investors have converted 1,183,432 shares of Series A-1 Preferred into an equal number of shares of common stock, with no shares of Series A-1 Preferred Shares remaining outstanding.

July 2016 Series A-2 Preferred Stock

On July 11, 2016, the Company completed a private placement transaction with a small number of accredited investors pursuant to which the Company issued 1,724,137 shares of Series A-2 Convertible Preferred Stock ("Series A-2 Preferred") and warrants to purchase up to 1,724,137 shares of common stock or Series A-2 Preferred. The shares of Series A-2 Preferred and warrants were sold in units, with each unit consisting of one share and one warrant, at a purchase price of $2.90 per unit. The Series A-2 Preferred is convertible into shares of common stock at an initial conversion rate of 1-for-1 (subject to stock splits, reverse stock splits and similar events) at any time at the discretion of the investor. The exercise price of the warrants is $2.90 per share, and the warrants are exercisable at any time over the five year term of the warrants. If the Company grants, issues or sells any Common Stock equivalents pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then a holder of Series A-2 Preferred or warrants will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the holder could have acquired if the holder had held the number of shares of Common Stock acquirable upon conversion of the Series A-2 Preferred or exercise of the warrants (without regard to any limitations on conversion). If the Company declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Stock, then a holder of Series A-2 Preferred or warrants is entitled to participate in such distribution to the same extent as if the holder had held the number of shares of Common Stock acquirable upon complete conversion of the Series A-2 Preferred or exercise of the warrants (without regard to any limitations on conversion). Gross proceeds to the Company were approximately $5,000,000 excluding transactions costs, fees and expenses. In accordance with the transaction agreements, the Company filed a registration statement with the SEC, which has been declared effective, to register the resale from time to time of shares of common stock

underlying the Series A-2 Preferred and the warrants. The July 2016 warrants include call provisions that are generally similar to the 2014 warrants. The exercise price of the July 2016 warrants is $2.90 per share, and accordingly 250% of such exercise price is $7.25 per share. The warrants to purchase 1,724,137 shares remain outstanding as of December 31, 2016.

On the date of the issuance, the fair value of the common stock issuable upon conversion of the Series A-2 preferred stock was greater than the proceeds received for the Series A-2 convertible preferred stock. As such, the Company accounted for the beneficial conversion feature under ASC 470-20, *Debt with Conversion and Other Options*. The Company identified a deemed dividend charge of approximately $1,374,000 for the recognition of a discount on the Series A-2 convertible preferred stock, resulting from an allocation of the proceeds received between the warrants and the beneficial conversion feature embedded within the Series A-2 preferred stock, which equals the amount by which the estimated fair value of the common stock issuable upon conversion of the issued Series A-2 convertible preferred stock exceeded the proceeds from such issuance. The deemed dividend on preferred stock was a non-cash transaction and reflected below the net loss in the Consolidated Statement of Operations to arrive at net loss applicable to common stock.

As of December 31, 2016, the investors have converted 1,099,124 shares of Series A-2 Preferred into an equal number of shares of common stock, with 625,013 shares of Series A-2 Preferred Shares remaining outstanding.

NOTE 18: STOCK OPTION PLANS, SHARES RESERVED AND WARRANTS

The Company has a 2009 Equity Incentive Plan (the "2009 Plan"). The 2009 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards, and other forms of equity compensation (collectively "stock awards"). In addition, the 2009 Plan provides for the grant of performance cash awards. The initial aggregate number of shares of common stock that may be issued initially pursuant to stock awards under the 2009 Plan was 411,765 shares. The number of shares of common stock reserved for issuance automatically increase on January 1 of each calendar year, from January 1, 2010 through and including January 1, 2019, by the lesser of (a) 5.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year or (b) a lesser number of shares of common stock determined by the Company's board of directors before the start of a calendar year for which an increase applies. On November 3, 2014, the number of shares reserved for issuance under the 2009 Plan increased by 1,000,000. On May 25, 2016, upon the approval of the Company's stockholders at the annual meeting of stockholders, the number of shares reserved for issuance increased by 4,500,000. At December 31, 2016, the aggregate balance of shares reserved for issuance under the 2009 plan was 8,566,800. On January 1, 2017, pursuant to the provisions of the 2009 Plan, 1,099,577 shares were added to the shares reserved for issuance pursuant to awards under the 2009 Plan (see Note 20).

On January 25, 2016, the Company issued options to purchase 1,005,697 shares of common stock to the officers and employees of the Company under the 2009 Equity Incentive Plan with an exercise price of $4.10 per share. The options were granted based on a guideline and not for performance during the year ended December 31, 2015 and will vest over a period of three years. These options were valued using the Black-Scholes option pricing model, the expected volatility was approximately 60% and the risk-free interest rate was approximately 1.7%, which resulted in a calculated fair value of $2,313,103.

On May 25, 2016, the Company issued options to purchase 1,280,000 shares of common stock to the officers and employees of USC and the board of directors of the Company under the 2009 Plan with an exercise price of $8.46 per share. The options will vest with respect to the one-sixth (1/6) of the option shares on the date that is six (6) months after the vesting commencement date and one thirty-sixth (1/36) of the option shares thereafter on each subsequent monthly anniversary of the vesting commencement date, so that the option is exercisable in full over a period of three years. These options were valued using the Black-Scholes option pricing model, the expected volatility was approximately 59%, the term was six years, the dividend rate was 0.0 % and the risk-free interest rate was approximately 1.69%, which resulted in a calculated fair value of $6,063,000.

On May 25, 2016, the Company issued options to purchase 155,000 shares of common stock to consultants of the Company with an exercise price of $8.46 per share. The options were exercisable in full as of the date of grant. These options were valued using the Black-Scholes option pricing model, the expected volatility was approximately 56%, the term was five years, the dividend rate was 0.0 % and the risk-free interest rate was approximately 1.40%, which resulted in a calculated fair value of $643,250.

On May 25, 2016, the Company awarded Restricted Stock Units ("RSUs") covering 350,000 shares of common stock to the non-employee directors of the Company under the 2009 Plan; as of the date of grant, the market price of the common stock was $8.46 per share. These RSUs vest on the seventh anniversary from grant date, or earlier upon the occurrence of certain events including a change of control of the Company. The calculated fair value of the RSUs was $2,961,000.

On July 11, 2016, warrants previously issued to consultants to purchase 17,647 shares of common stock at an exercise price of $3.74 per share expired.

On November 2, 2016, the Company granted options to purchase 40,000 shares of common stock to the new hires of the Company under the 2009 Equity Incentive Plan with exercise prices of $2.50 per share. The options will vest with respect to the one-sixth (1/6) of the option shares on the date that is six (6) months after the vesting commencement date and one thirty-sixth (1/36) of the option shares thereafter on each subsequent monthly anniversary of the vesting commencement date, so that the option is exercisable in full over a period of three years. These options were valued using the Black-Scholes option pricing; the expected volatility was approximately 59%, the term was six years, the dividend rate was 0.0% and the risk-free interest rate was approximately 1.57%. The calculated fair value of the options was $52,200.

During the year ended December 31, 2016, previously granted and unvested options to purchase 266,709 shares of common stock were canceled following the holders' termination of employment.

The following summarizes the stock option activity for the years ended December 31, 2016 and 2015 below:

	2009 Equity Incentive Plan	Weighted Average Exercise Price	Weighted Average Remaining Contract Life
Balance as of December 31, 2014	1,239,722	$ 5.46	8.42 years
Options Granted	933,763	5.78	8.85 years
Options Exercised	(15,000)	3.29	—
Options Canceled	(45,685)	5.77	—
Balance as of December 31, 2015	2,112,800	$ 5.60	8.05 years
Options Granted	2,520,697	6.58	8.80 years
Options Exercised	(46,379)	5.07	—
Options Canceled	(266,709)	7.44	—
Balance as of December 31, 2016	4,320,409	$ 6.06	7.98 years
Exercisable at December 31, 2016	2,319,963	$ 5.86	7.10 years

Stock based compensation expense for the years ended December 31, 2016 and 2015 were $4,699,122 and $2,485,961, respectively. As of December 31, 2016, unrecognized compensation expense related to these stock options was approximately $7.4 million and will be recorded as compensation expense over the next three years.

The aggregate intrinsic value (the difference between the Company's closing stock price on the last trading day of the year and the exercise price, multiplied by the number of in-the-money options) of 4,320,409 and 2,112,800 stock options outstanding at December 31, 2016 and 2015 was approximately $26,000 and $916,000, respectively. The aggregate intrinsic value of 2,319,963 and 1,173,443 stock options exercisable at December 31, 2016 and 2015 was approximately $1,000 and $681,000, respectively.

The Company has reserved shares of common stock for issuance upon conversion or exercise at December 31, 2016 as follows:

Convertible Preferred Stock	625,013
Warrants	9,194,044
RSU	350,000
2009 Equity Incentive Plan	4,320,409
Total Shares Reserved	14,489,466

The following table summarizes warrants outstanding at December 31, 2016:

	Warrant Shares	Exercise Price Per Share	Date Issued	Expiration Date
Old Adamis Warrants	58,824	$ 8.50	November 15, 2007	November 15, 2017
2013 Private Placement	22,057	$ 12.16	June 26, 2013	June 25, 2018
Underwriter Warrants	186,000	$ 7.44	December 12, 2013	December 12, 2018
Underwriter Warrants	27,900	$ 7.44	January 16, 2014	January 16, 2019
Preferred Stock Series A Warrants	1,418,439	$ 3.40	August 19, 2014	August 19, 2019
Preferred Stock Series A-1 Warrants	1,183,432	$ 4.10	January 26, 2016	January 26, 2021
Bear State Bank, Collateral to Line of Credit	1,000,000*	$ 0.0001	March 28, 2016	
Preferred Stock Series A-2 Warrants	1,724,137	$ 2.90	July 16, 2016	July 11, 2021
2016 Common Stock, Private Placement	3,573,255	$ 2.98	August 3, 2016	August 3, 2021
Total Warrants	9,194,044			

*Exercisable upon default of Line of Credit at Bear State Bank, see Note 11.

On March 6, 2013, the Company issued restricted stock units (RSUs) covering 42,707 shares of common stock to directors, officers and employees of the Company under the 2009 Equity Incentive Plan. The value of the award per share was $11.39. A portion of the award vests on the first anniversary date of issuance with the remaining vesting annually in equal amounts over 2 years. The fair value of RSUs is $486,433. On August 25, 2016, 5,590 RSUs vested and were issued as common stock. The Company recorded compensation expense, related to these RSU's, of $15,922 and $63,686 for the years ended December 31, 2016 and 2015, respectively. Unrecognized compensation expense related to these RSUs as of December 31, 2016 was zero.

On May 25, 2016, the Company issued RSUs covering of 350,000 shares of common stock to the non-employee directors of the Company under the 2009 Equity Incentive Plan. The value of the award per share is $8.46 and will vest 100% on the seventh year anniversary from grant date. The fair value of RSUs is $2,961,000. The Company recorded compensation expense, related to these RSU's, of $253,335 for the years ended December 31, 2016. Unrecognized compensation expense related to these RSUs as of December 31, 2016 was $2,707,665.

NOTE 19: INCOME TAXES

At December 31, 2016, the Company had net operating loss carry forwards of approximately $60 million and $46 million for federal and state purposes, respectively. The net operating loss carry forwards will begin to expire in 2031.

Utilization of the NOL carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), as well as similar state and foreign provisions. These ownership changes may limit the amount of NOL carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an "ownership change" as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders. The Company most likely has experienced various ownership changes, as defined by the Act, as a result of past financings. Accordingly, the Company's ability to utilize the aforementioned carry forwards may be limited. Cellegy's merger with Adamis as described in Note 1, may also impact the ability for the Company to utilize certain of its net operating loss carry forwards. Additionally, U.S. tax laws limit the time during which these carry forwards may be applied against future taxes, therefore, the Company may not be able to take full advantage of these carry forwards for federal income tax purposes. The Company determined that the net operating loss carry forwards relating to Cellegy and Biosyn are limited due to the acquisitions, in 2009 and 2004, and has removed the associated net operating losses from the estimated amount of usable net operating loss carry forwards in its deferred tax assets below, as well as from the total of net operating loss carry forwards described above.

The benefit for income taxes from continuing operations consists of the following for the year ended December 31, 2016 and December 31, 2015:

	December 31, 2016	December 31, 2015
Current	$ 12,000	$ —
Deferred	(7,061,000)	(5,904,000)
Total	(7,049,000)	(5,904,000)
Change in Valuation Allowance	2,474,000	5,904,000
Tax Benefit, net	$ (4,575,000)	$ —

At December 31, 2016 and December 31, 2015 the significant components of the deferred tax assets from continuing operations are summarized below:

	December 31, 2016	December 31, 2015
Deferred Tax Assets		
Net Operating Losses Carry forwards	$ 22,998,800	$ 15,486,000
Stock Compensation	739,100	1,601,500
Fixed Assets	—	380,900
Accrued Expenses	678,600	296,100
Total Deferred Tax Assets	24,416,500	17,764,500
Valuation Allowance	(20,239,100)	(17,764,500)
	$ 4,177,400	$ —
Deferred Tax Liabilities		
Intangibles	$ (4,605,400)	$ —
Fixed Assets	(400,600)	—
Total Deferred Tax Liabilities	(5,006,000)	—
Net Deferred Tax Liability	$ (828,600)	$ —

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities.

We have determined at December 31, 2016 and December 31, 2015 that a full valuation allowance would be required against of all our operating loss carry forwards and deferred tax assets that we do not expect to be utilized by deferred tax liabilities.

The following table reconciles our losses from continuing operations before income taxes for the year ended December 31, 2016 and December 31, 2015.

	December 31, 2016		December 31, 2015	
Federal Statutory Rate	$ (8,167,000)	34.00%	$ (4,614,000)	34.00%
State Income Tax, net of Federal Tax	(911,000)	3.83%	(790,000)	5.83%
Other Permanent Differences	925,000	(3.85%)	32,000	(0.24%)
Prior Year True-Up	1,323,000	(5.51%)	—	0.00%
Change in State Rate	(219,000)	0.88%	(532,000)	3.91%
Change in Valuation Allowance	2,474,000	(10.30%)	5,904,000	(43.50%)
Expected Tax Benefit	$ (4,575,000)	19.05%	$ —	

Interest and penalties related to uncertain tax positions are recognized as a component of income tax expense. For the tax year ended December 31, 2016, the Company recognized no interest or penalties.

In connection with the acquisition of USC on April 11, 2016, for financial statement purposes, the Company recorded the acquired assets at the purchase price. For tax purposes, the assets in USC are not recorded at the purchase price and instead remain at the historic tax basis. The excess book basis over tax basis results in a deferred tax liability that gets recorded through acquisition goodwill. In the current year, the Company recorded a net deferred tax liability of $5,416,000 through acquisition goodwill.

Of the $5,416,000 net deferred tax liability recorded, $829,000 was for indefinite-lived intangible assets. Under ASC 740, a deferred tax liability for indefinite-lived intangibles is not a source of future taxable income that can be netted with deferred tax assets. The remaining $4,587,000 of the net deferred tax liability represents a source of future taxable income which, when recognized, will be offset with the Company's current year operating losses and existing net operating loss carryforwards. The Company has determined that a full valuation allowance is required against its deferred tax assets, including its net operating loss carryforwards. However, valuation allowance is no longer required to offset net operating losses to the extent of the future taxable income generated by the reversing deferred tax liability. Accordingly, the valuation allowance has been reduced by $4,587,000. Under ASC 740, the reduction in the valuation allowance results in a deferred tax benefit in the current year.

NOTE 20: SUBSEQUENT EVENTS

On January 1, 2017, the number of shares reserved for the issuance of stock awards covered by the 2009 Equity Incentive Plan (Note 18) increased to an aggregate of 9,666,377, after adding 1,099,577 shares.

On January 19, 2017, the Company issued 18,157 shares of common stock to an institutional investor in exchange for the cancellation of warrants to acquire 181,575 shares of common stock.

On February 7, 2017, the Company granted options to purchase 1,458,000 shares of common stock to the officers and employees of the Company under the 2009 Equity Incentive Plan with an exercise price of $3.15 per share. The options were granted based on a guideline and not for performance during the year ended December 31, 2016 and will vest over a period of three years. These options were valued using the Black-Scholes option pricing model, the expected volatility was approximately 58% and the risk-free interest rate was approximately 2.17%, which resulted in a calculated fair value of $2,551,500. The Board of Directors also approved a total of $465,393 in cash bonus to the Company's officers and employees with respect to performance during the period ended December 31, 2016. The amount of bonus was paid in February 2017 but was accrued and expensed during the period ended December 31, 2016.

On February 13, 2017, the Company granted options to purchase 398,750 shares of common stock to the employees of the Company under the 2009 Equity Incentive Plan with an exercise price of $3.35 per share. The options were granted based on a guideline and not for performance during the year ended December 31, 2016 and will vest over a period of three years. These options were valued using the Black-Scholes option pricing model, the expected volatility was approximately 58% and the risk-free interest rate was approximately 2.24%, which resulted in a calculated fair value of $744,221.

On February 28, 2017, the Company granted a stock option to purchase 210,000 shares of common stock to a newly hired officer of the Company under the 2009 Equity Incentive Plan with exercise price of $3.45 per share. The options will vest with respect to the one-third (1/3) of the option shares on the date that is one year after the grant date of the option and one thirty-sixth (1/36) of the option shares thereafter on each subsequent monthly anniversary of the vesting commencement date, so that the option is exercisable in full over a period of three years. The option was valued using the Black-Scholes option pricing; the expected volatility was approximately 58%, the term was six years, the dividend rate was 0.0% and the risk-free interest rate was approximately 2.19%. The calculated fair value of the options was $403,200.

On March 1, 2017, the Company awarded Restricted Stock Units ("RSUs") covering 950,000 shares of common stock to certain officers of the Company under the 2009 Plan; as of the date of grant, the market price of the common stock was $3.50 per share. These RSUs vest on the seventh anniversary from grant date provided that the recipient has continued to provide services to the Company, or earlier upon the occurrence of certain events including a change of control of the Company. The calculated fair value of the RSUs was $3,325,000.

In March 2017, 625,013 shares of Series A-2 Convertible Preferred were converted into shares of common stock at a 1:1 ratio, with 0 shares of Series A-2 Preferred Shares remaining outstanding.

In March 2017, the maturity date of the Adamis Working Capital Line of $2.0 million was amended to March 1, 2018.

Exhibit 10.4

ADAMIS PHARMACEUTICALS CORPORATION

RESTRICTED STOCK UNIT AWARD GRANT NOTICE
AND AWARD AGREEMENT

(2009 EQUITY INCENTIVE PLAN)

Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Adamis Pharmaceuticals Corporation 2009 Equity Incentive Plan (the "***Plan***").

Participant Name:_____

NOTICE OF RESTRICTED STOCK UNIT GRANT

Adamis Pharmaceuticals Corporation (the "***Company***") has granted the individual ("***Participant***") named above an Award of Restricted Stock Units (the "***RSUs***" or "***Restricted Stock Units***"), on the terms and conditions of the Plan and this Restricted Stock Unit Award Grant Notice and Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant attached hereto as Exhibit A (the "***Terms and Conditions***"), each of which is incorporated herein in its entirety and made a part hereof (collectively, the "***Award Agreement***"), as follows:

Grant Number:_____

Date of Grant:_____

Vesting Commencement Date:_____

Number of RSUs:_____

Vesting Schedule: See below

Vesting Schedule

The shares subject to this RSU Award Agreement shall vest as follows:

(a) [Sample vesting language:] [__% of the total number of RSUs will vest on the _____ anniversary of the Vesting Commencement Date, and ___% of the total number of RSUs will vest on each _____ anniversary thereafter, subject to Participant's Continuous Service to the Company through the vesting date, and shall vest earlier in the circumstances described in this Award Agreement.] [In the event of a Change in Control (as defined in the Plan and provided that the Change in Control constitutes a change in control event described in paragraph (a)(2)(A)(v) of Section 409A or any other applicable provisions of Section 409A regarding change in control events) before Participant's RSUs are fully vested, then all of the unvested RSUs subject to this Award shall become fully vested immediately prior to the effective date of such Change in Control and the Shares subject to this RSU shall be issued immediately prior to such Change in Control.] [Note: actual vesting language to match vesting schedule approved by the Board or the Committee.] In addition, vesting of the Restricted Stock Units may be subject to acceleration to the extent provided in this Award Agreement or in the Plan.

(b) [Sample vesting language:] [Vesting shall cease upon the termination of Participant's Continuous Service except as otherwise provided herein.]

(c) [Sample vesting language:] In the event of Participant's separation from service, as defined in Section 409A, and cessation of Continuous Service due to Participant's death before the RSUs are fully vested, then the unvested RSUs subject to this Award shall vest as follows: _____.

(d) [Sample vesting language] In the event of Participant's separation from service, as defined in Section 409A, and cessation of Continuous Service due to Participant's Disability, as defined in the Plan and provided that such Disability constitutes "disability" as defined in Section 409A, then the unvested RSUs subject to this Award shall vest as follows: _____.

(e) [Sample vesting language] In the event that Participant's Continuous Service to the Company terminates or ceases in circumstances other than as described above, then unless expressly otherwise provided in a written agreement executed by the Company and Participant, any unvested Restricted Stock Units will terminate immediately (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is providing services) and, unless otherwise expressly provided in the Award Agreement or otherwise determined by the Company, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice or severance period.

For purposes of this Award Agreement, "***Section 409A***" means Section 409A of the Code, and any U.S. Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.

Additional Terms/Acknowledgements

By accepting (whether in writing, electronically or otherwise) the Restricted Stock Units, Participant acknowledges and agrees to the following: Participant understands that Participant's employment or consulting relationship or service with the Company or a Parent or Subsidiary is for an unspecified duration, can be terminated at any time (*i.e.*, is at will), except where otherwise prohibited by applicable law, and that nothing in this Notice, the Award Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Restricted Stock Units pursuant to this Award Agreement is earned only by Continuous Service to the Company or Parent or Subsidiary. By accepting the Restricted Stock Units, Participant consents to the electronic delivery of materials as set forth in the Award Agreement.

By Participant's signature and the signature of the Company's representative below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Award Agreement. Participant acknowledges that he or she has reviewed the Plan and the Award Agreement, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement, and fully understands all provisions of the Plan and the Award Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan or the Award Agreement.

Participant acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the RSU pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award with the exception, if applicable, of any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

PARTICIPANT:

_____
Signature

_____
Print Name

ADAMIS PHARMACEUTICALS CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant. The Company has granted to Participant an Award of Restricted Stock Units (the "***RSUs***" or "***Restricted Stock Units***") in the amount set forth on the first page of the Restricted Stock Unit Grant Notice and Award Agreement (the "***Notice of Grant***"), subject to all of the terms and conditions of this Award Agreement and of the Plan. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Plan.

2. Settlement; Issuance of Shares.

(a) Each Restricted Stock Unit represents the right to receive one share of common stock of the Company ("***Share***") on the date such Restricted Stock Unit vests. Unless and until the Restricted Stock Units have vested in the manner set forth in the Award Agreement, Participant will have no right to Shares pursuant to any such Restricted Stock Units. Any Restricted Stock Units that vest in accordance with the Award Agreement will be settled and paid to Participant (or in the event of Participant's death, to his or her estate) in whole Shares, subject to Participant satisfying any obligations for Tax-Related Items (as defined in Section 7). Subject to the provisions of Section 4, such vested Restricted Stock Units will be settled and paid in whole Shares as soon as reasonably practicable after vesting, but in each such case within thirty (30) days following the vesting date (the "***Original Issuance Date***") (or as otherwise provided below). In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Shares under this Award. Settlement of RSUs shall be in Shares. Settlement means the delivery to Participant of the Shares vested under the RSUs. Fractional Shares will not be issued, and any fraction of a share will be rounded down to the nearest whole share. Prior to actual settlement of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. The RSU Award is unfunded, and Participant shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue Shares pursuant to this Award Agreement. Participant shall not have voting or any other rights as a stockholder of the Company with respect to the Shares that are issuable pursuant to this Award Agreement until such Shares are issued to Participant pursuant to this Award Agreement. Upon such issuance, Participant will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Award Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between Participant and the Company or any other person.

(b) Except with respect to issuance of Shares upon vesting and settlement of this RSU immediately before the occurrence of a Change in Control as described in the Notice of Grant, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to Participant, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when Participant is otherwise permitted to sell shares of Common Stock on an established stock exchange, stock market or quotation system (including, but not limited to, under a previously established Rule 10b5-1 trading plan) and sale of such shares would not violate any "lock-up" agreement undertaken in connection with an issuance of securities by the Company or any applicable registration requirements under the Securities Act of 1933, as amended, or any provision of the federal securities laws, *and* (ii) either withholding taxes do not apply or the Company elects, prior to the Original Issuance Date, (1) not to satisfy the Tax-Related Items described in Section 7 by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to Participant under this Award, (2) not to permit Participant to enter into a "same day sale" or other similar commitment with a broker-dealer pursuant to Section 7 of this Agreement (including, but not limited to, a commitment under a previously established Rule 10b5-1 trading plan) and (3) not to permit Participant to pay Participant's Tax-Related Items in cash, then the shares that would otherwise be issued to Participant on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when Participant is not prohibited under the Company's policies, applicable laws or any applicable lock-up agreement from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of Participant's taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulation Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulation Section 1.409A-1(d). Delivery of the shares pursuant to the provisions of this Section is intended to comply with the requirements for the short-term deferral exemption available under Section 409A (as defined below, and including Treasury Regulations Section 1.409A-1(b)(4)) and shall be construed and administered in such manner. The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

3. Vesting.

(a) Except as otherwise provided herein, the Restricted Stock Units to which this Award Agreement relates will vest in accordance with the vesting provisions set forth in the Notice of Grant, and vesting will cease upon the termination of Participant's Continuous Service. Except with respect to vesting of this RSU upon the occurrence of certain events as described in the Notice of Grant, upon termination of Participant's Continuous Service, the unvested portion of the RSU on the date of such termination will be forfeited at no cost to the Company and Participant will have no further right, title or interest in or to such RSU or the Shares of Common Stock underlying such RSU.

(b) The Committee or the Board may at any time accelerate the vesting schedule specified in this Award Agreement.

4. Committee Discretion.

(a) The Committee, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Committee. The payment of Shares vesting pursuant to this Section will in all cases be paid at a time or in a manner that is intended to be exempt from, or comply with, Section 409A. For purposes of the Award Agreement, "***Section 409A***" means Section 409A of the Code, and any U.S. Treasury Regulations and U.S. Internal Revenue Service guidance thereunder, as each may be amended from time to time.

(b) Notwithstanding anything in the Plan or the Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with the termination of Participant's providing Continuous Service (and provided that such termination constitutes a "separation from service" within the meaning of Section 409A, as determined by the Company), other than due to Participant's death, and if (x) Participant is a "specified employee" within the meaning of Section 409A at the time of such cessation of Participant's providing Continuous Service and (y) the payment of Shares pursuant to such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following the cessation of Participant's providing Continuous Service, then the payment of such accelerated Restricted Stock Units will not be made until the date that is six (6) months and one (1) day following the date of termination of Participant's providing Continuous Service, except in the event of Participant's death following the cessation of Participant's providing Continuous Service, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death. It is the intent of the Award Agreement that the Award Agreement and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under the Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under the Award Agreement is intended to constitute a separate payment for purposes of Section 409A (including U.S. Treasury Regulation Section 1.409A-2(b)(2)).

5. Forfeiture upon Termination of Providing Continuous Service. Subject to the vesting provisions set forth in the Notice of Grant, the balance of the Restricted Stock Units that have not vested as of the time of the termination of Participant's providing Continuous Service (regardless of the reason for such termination and whether or not later found to be invalid or in breach of labor laws in the jurisdiction where Participant is employed or the terms of Participant's employment or service agreement, if any, and will not be extended by any notice period mandated under local employment laws), and Participant's right to acquire any Shares hereunder, will terminate immediately in accordance with the provisions set forth in the Notice of Grant, without payment of any consideration to Participant. In case of any dispute as to whether termination of Continuous Service has occurred, the Committee will have sole discretion to determine whether such termination has occurred (including whether you may still be considered to be providing Services while on a leave of absence) and the effective date of such termination.

6. Death of Participant. Any distribution or delivery to be made to Participant under the Award Agreement will, if Participant is then deceased, be made to the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Tax Obligations.

(a) Responsibility for Taxes. Notwithstanding any contrary provision of the Award Agreement, no certificate representing the Shares (or proceeds from the sale of Shares) will be issued to Participant, unless and until satisfactory arrangements (as determined by the Company) will have been made by Participant with respect to the payment of income, employment, social insurance, payroll tax, fringe benefit tax, tax withholding obligations, or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant or deemed by the Company or Participant's employer (the "***Employer***") in its discretion to be an appropriate charge to Participant (even if legally applicable to the Company or the Employer) ("***Tax-Related Items***") which the Company determines must be withheld with respect to the Restricted Stock Units or the Shares. Participant acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant or vesting of the Restricted Stock Units, the subsequent sale of Shares acquired upon vesting of the Restricted Stock Units and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility. Further, if Participant is subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges and agrees that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Participant acknowledges that the Company has advised Participant to consult a tax adviser regarding Participant's tax obligations prior to settlement of this RSU or issuance or disposition of any Shares in the jurisdiction where Participant is subject to tax.

(b) Tax Withholding. Prior to the vesting of the Restricted Stock Units and settlement and issuance of Shares, Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all withholding and payment obligations of Tax-Related Items of Participant, the Company and/or the Employer. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer, or withholding from proceeds of the sale of Shares acquired upon vesting of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization) without further consent from Participant. If withholding is performed from proceeds from the sale of Shares acquired upon vesting of the Restricted Stock Units, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. Alternatively, or in addition, if permissible under applicable local law, the Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy his or her obligations for Tax-Related Items, in whole or in part (without limitation) by (i) delivery of cash or check to the Company or the Employer, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value (measured as of the delivery date) equal to the minimum statutory amounts required to be withheld for federal, state, and local tax purposes, (iii) selling a sufficient number of Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld, or (iv) any other arrangement approved by the Company or the Committee (and in compliance with the Company's insider trading policy, if applicable; provided, that if Participant is a Section 16 officer of the Company under the Securities Exchange Act of 1934, as amended, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) shall establish the method of withholding from the alternatives above, any share withholding procedure will be subject to the express prior approval of the Committee, and the Committee shall establish the method prior to the taxable or withholding event. Further, to the extent determined appropriate by the Company in its discretion, the Company will have the right (but not the obligation) to satisfy any obligations for Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely in respect of the Tax-Related Items. In the event the Company's obligation to withhold arises prior to the delivery to Participant of Common Stock or it is determined after the delivery of Common Stock to Participant that the amount of the Company's withholding obligation was greater than the amount withheld by Participant, Participant agrees to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder, unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING TO PROVIDE CONTINUOUS SERVICE TO THE EMPLOYER, OR THE COMPANY (OR A PARENT OR SUBSIDIARY OF THE COMPANY) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THE AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED EMPLOYMENT OR CONSTINUOUS SERVICE FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE EMPLOYER, THE COMPANY OR ANY PARENT OR SUBSIDIARY OF THE COMPANY TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER OR AS PROVIDING CONTINUOUS SERVICE AT ANY TIME.

10. Nature of Grant. In accepting the grant, Participant acknowledges, understands and agrees that:

(a) the Award of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future Awards of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(b) all decisions with respect to future Awards of Restricted Stock Units or other awards, if any, will be at the sole discretion of the Company;

(c) Participant is voluntarily participating in the Plan;

(d) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;

(e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by the Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;

(h) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purpose;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant's employment or status as providing Continuous Service to the Employer, the Company or any Parent or Subsidiary of the Company (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a service provider or the terms of Participant's employment or service agreement, if any), and in consideration of the Award of the Restricted Stock Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Employer, the Company or any Parent or Subsidiary of the Company, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent, any Subsidiary and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(k) nothing in this Award Agreement (including, but not limited to, the vesting of the RSU or the issuance of the Shares subject to the RSU), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Award Agreement or the Plan shall: (i) confer upon Participant any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Award Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate Participant at will and without regard to any future vesting opportunity that Participant may have; and

(l) the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "***reorganization***"). Such a reorganization could result in the termination of Participant's Continuous Service, or the termination of Affiliate status of Participant's employer and the loss of benefits available to Participant under this Agreement, including but not limited to, the termination of the right to continue vesting in the RSU. This Award Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company's right to conduct a reorganization.

11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. Data Privacy. Participant *understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("**Data**"), for the exclusive purpose of implementing, administering and managing the Plan. Participant understands that Data may be transferred to a stock plan service provider or other third party as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that a recipient's country of operations may have different data privacy laws and protections than Participant's country of residence. Participant understands that if Participant resides outside the United States, Participant may request a list with the names and addresses of any potential recipients of Data by contacting Participant's local human resources representative. Participant authorizes the Company, any stock plan service provider or other third party selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if Participant resides outside the United States, Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company might not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. Participant hereby explicitly and unambiguously (i) consents to the collection, use and transfer, in electronic or other form, of Participant's Data as described in this Award Agreement and any other RSU grant materials by and among, as applicable, the Company, the Employer and any other Parent or Subsidiaries, for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan, (ii) waives any privacy rights that Participant may have with respect to the Data, (iii) authorizes the Company and the Employer to store and transmit such information in electronic form, and (iv) authorizes the transfer of the Data to any jurisdiction that the Company or the Employer consider appropriate.*

13. Address for Notices. Any notice to be given to the Company under the terms of the Award Agreement will be addressed to the Company, Attention: President, at the Company's principal executive office as reflected in its periodic filings with the Securities and Exchange Commission, or at such other address as the Company may hereafter designate in writing.

14. Transferability; Domestic Relations Order. Except to the limited extent provided in Section 6, this Award of Restricted Stock Units and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (other than by will or by the laws of descent or distribution or court order, or unless otherwise permitted by the Committee on a case-by-case basis) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Award of Restricted Stock Units, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this Award of Restricted Stock Units and the rights and privileges conferred hereby immediately will become null and void. Notwithstanding the foregoing, upon receiving written permission from the Board or the Committee, and provided that Participant and the designated transferee enter into transfer and other agreements required by the Company, Participant may transfer Participant's right to receive the distribution of Shares hereunder, pursuant to a domestic relations order or marital settlement agreement that contains the information required by the Company to effectuate the transfer. Participant is encouraged to discuss the proposed terms of any division of this RSU with the Company prior to finalizing the domestic relations order or marital settlement agreement to verify that Participant may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

15. Binding Agreement. Subject to the limitation on the transferability of this Award of Restricted Stock Units contained herein, the Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

16. Additional Conditions to Issuance of Shares. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or foreign law, the tax code and related regulations or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur, unless and until such listing, registration, qualification, rule compliance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Company reasonably anticipates that the delivery of Shares no longer will cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange. Subject to Section 22 of the Award Agreement, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Restricted Stock Units and on any Shares acquired upon vesting of the Restricted Stock Units to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. Plan Governs. The Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.

18. Committee Authority. The Committee will have the power to interpret the Plan and the Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Committee in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Committee will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Award Agreement.

19. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to this Award of Restricted Stock Units or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any online or electronic system established and maintained by the Company or a third party designated by the Company, and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses, financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Restricted Stock Units and current or future participation in the Plan. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion. Participant acknowledges that Participant may receive from the Company a paper copy of any documents delivered electronically at no cost if Participant contacts the Company by telephone, through a postal service or electronic mail. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to the Company or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying the Company of such revised or revoked consent by telephone, postal service or electronic mail to the chief financial officer of the Company. Finally, Participant understands that Participant is not required to consent to electronic delivery.

20. Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares under the Plan during such times as Participant is considered to have "inside information" or material non-public information regarding the Company. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and Participant is advised to speak to Participant's personal advisors regarding such matters.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on participation in the Plan, on the RSUs and on any Shares acquired under the Plan or this Award Agreement, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Clawback or Recoupment. The RSUs, and any compensation paid or Shaers issued pursuant to the RSU, shall be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or the Company, or as may be required by law including without limitation the Dodd-Frank Wall Street Reform and Cnosumer Protection Act and implementing regulations thereunder, during the term of Participant's employment or other service that is applicable to executive officers, employees, directors or other service providers of the Company, which policies or law may, in addition to any other remedies available under such policies or laws, require the cancellation of Participant's RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's RSUs. No recovery of compensation under such a clawback policy or applicable law will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

23. Effect on Other Employee Benefit Plans. The value of the RSU subject to this Award Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

24. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of the Award Agreement.

25. Agreement Severable. In the event that any provision in the Award Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Award Agreement.

26. Modifications to the Award Agreement. The Award Agreement constitutes the entire understanding of the parties concerning the subjects covered. Participant expressly warrants that he or she is not accepting the Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Unless otherwise set forth herein, modifications to the Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or the Award Agreement, the Company reserves the right to revise the Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.

27. Amendment, Suspension or Termination of the Plan. By accepting this Award of Restricted Stock Units, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature, is established voluntarily by the Company, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan.

28. Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of the Award Agreement by Participant shall not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach by Participant or any other participant.

29. Governing Law and Venue. The Award Agreement will be governed by the laws of Delaware without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or the Award Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the federal and states for the judicial district in which San Diego County, California, is located, and agree that such litigation will be conducted in the courts of San Diego County, California, or the federal courts for the district in which San Diego County, California is located, and no other courts.

30. Language. If Participant has received the Award Agreement or any other document related to this Award of Restricted Stock Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

31. Capitalization Adjustments. The number of Restricted Stock Units subject to this Award and the number of Shares deliverable with respect to such Restricted Stock Unit may be adjusted from time to time for Capitalization Adjustments as described in the Plan relating to a Capitalization Adjustment. Participant shall receive no benefit or adjustment to Participant's Award with respect to any cash dividend or other distribution that does not result from a Capitalization Adjustment as described in Section 9(a) of the Plan; *provided, however,* that this sentence shall not apply with respect to any Shares that are delivered to Participant in connection with Participant's Award after such shares have been delivered to Participant. Any additional Restricted Stock Units, Shares, cash or other property that becomes subject to the Award pursuant to this Section shall be subject, in a manner determined by the Committee, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and Shares covered by this Award.

32. Code Section 409A. It is the intent of the Award Agreement that the Award Agreement and all payments and benefits hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under the Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under the Award Agreement is intended to constitute a separate payment for purposes of Section 409A (including U.S. Treasury Regulation Section 1.409A-2(b)(2)). For purposes of this Award Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A. Notwithstanding anything else provided herein, to the extent any payments provided under this Award Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment shall not be made or commence until the earlier of (i) the expiration of the six-month period measured from Participant's separation from service from the Company or (ii) the date of Participant's death following such a separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Participant including, without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this Award Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Each separate payment pursuant to this Award Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

Exhibit 10.61

LOAN AMENDMENT AND ASSUMPTION AGREEMENT

THIS LOAN AMENDMENT AND ASSUMPTION AGREEMENT (this " **Agreement**") is made and entered into with on November 3, 2016, with an effective date of September 30, 2016 (the "**Agreement Date**"), by and among **4 HIMS, LLC**, an Arkansas limited liability company ("**4 HIMS**"), **US COMPOUNDING, INC.**, an Arkansas corporation ("**USC**") (4 HIMS and USC arc collectively hereinafter referred to as the "**Initial Loan Parties**"); **EDDIE GLOVER**, an individual, and **WILLIAM L. SPARKS**, an individual; and **KRISTIN RIDDLE**, an individual (collectively, the "**Individual Guarantors**"); **ADAMIS PHARMACEUTICALS CORPORATION**, a Delaware corporation ("**Adamis**"); and **BEAR STATE BANK, N.A.**, a national banking association ("**Bank**").

BACKGROUND

A. Pursuant to that certain Business Loan Agreement (as modified, amended or supplemented, the "**Loan Agreement**") dated as of August 8, 2014, entered into by and between 4 HIMS, as borrower, and Bank, as lender, Bank agreed to make a loan, Loan No. 5500000152 (the " **Loan**") to 4 HIMS in the initial principal amount of up to Two Million Five Hundred Eighty-Six Thousand Eight Hundred Ninety-Two and 09/100 Dollars ($2,586,892.09). The Loan is evidenced by that certain September 2016 Amended, Restated and Substituted Promissory Note (the "**Note**") dated effective as of September 30, 2016, executed by USC, 4 HIMS and Adamis in favor of Bank, which is substitution and replacement of that certain Commercial Promissory Note (as modified, amended or supplemented, the "**Initial Note**") dated as of August 8, 2014, executed by 4 HIMS in favor of Bank. The Note is secured by, among other things, that certain Commercial Real Estate Mortgage (as modified, amended or supplemented, the "**Mortgage**") dated as of August 8, 2014, executed by 4 HIMS in favor of Bank and recorded in the Official Records of Faulkner County as **Document #2014-11418**, encumbering certain real property more particularly described in the Mortgage. In connection with the Loan, 4 HIMS also entered into certain other agreements and instruments, (the Loan Agreement, the Note, the Mortgage and all other documents executed in connection with the Loan, all as previously modified, amended or supplemented, collectively referred herein as the "**Loan Documents**"). The Individual Guarantors and USC guaranteed repayment of the Loan pursuant to those certain documents each titled Guaranty of Specific Transaction (such guarantees by the Individual Guarantors and USC, as may be modified, amended or supplemented, referred to as the "**Guarantees**") dated as of August 8, 2014, entered into by each such Guarantor for the benefit of Bank.

B. Adamis entered into a merger transaction with USC (the "**Merger**"), pursuant to that certain Agreement and Plan of Merger dated as of March 28, 2016 (the "**Merger Agreement**"). USC's principal offices are currently located on the Property. In connection with the Merger, Adamis acquired from 4 HIMS the entire fee simple interest in and to the real property and tangible assets that 4 HIMS has agreed to sell and transfer to Adamis (the "**Property**") pursuant to that certain Purchase and Sale Agreement dated as of March 28, 2016, and entered into by and between Adamis and 4 HIMS for consideration consisting only of the assumption of the Loan by Adamis.

C. In connection with the Merger, the Bank has requested that the Loan Parties enter into this Agreement to evidence the following:

(a) The addition of Adamis as a borrower to the Loan Documents, whereby Adamis shall have, effective as of the Agreement Date, all rights, duties, liabilities and obligations under the Loan Documents, and the acceptance and assumption of such rights, duties, liabilities and obligations by Adamis; and

(b) The continuation, except as noted below, of each of the Initial Loan Parties' rights, duties, liabilities and obligations under the Loan Documents as a co-borrower, notwithstanding the acceptance and assumption of such rights, duties, liabilities and obligation by Adamis.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Reaffirmation of Loan.

1.1 Loan.

(a) 4 HIMS represents and warrants that as of the Agreement Date, the outstanding principal balance of the Note is Two Million Four Hundred Fifty-Three Thousand Eight Hundred Seventy Nine and 12/100 United Stales Dollars ($2,453,879.12), and payments under the Note are current through the Agreement Date, and the Bank acknowledges and agrees that to its knowledge such amounts represent the outstanding principal balance of the Note. The Bank acknowledges and agrees that 4 HIMS is current in its interest payments or other obligations under the Loan Documents that are due and payable before the Agreement Date.

(b) 4 HIMS unconditionally and irrevocably agrees to and acknowledges the unqualified and unconditional obligation for the Loan, without defense, affirmative defense, counterclaim, right of setoff, or other impediment to collection, the same, if existing, being expressly released and waived by 4 HIMS in consideration for the Bank entering into this Agreement. 4 HIMS hereby ratifies, affirms, reaffirms, acknowledges, confirms, and agrees that any Loan Documents to which it is a party represent the valid, enforceable, and binding obligations of 4 HIMS.

1 . 2 Release. The Initial Loan Parties and Individual Guarantors unconditionally, irrevocably, jointly and severally release the Bank, its respective past, present or future affiliates, subsidiaries, holding company, owners, officers, directors, shareholders, employees, agents, independent contractors, attorneys, or other persons or entities employed or engaged by or affiliated with the Bank, in addition to any purchaser of all or a portion of the Loan and current or future owners of participation in the Loan (collectively, the "**Released Parties**") (whether signatory hereto or not, and if not a party to this Agreement, being an intended (and not incidental) third party beneficiary hereof) from any causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages, and expenses of any and every kind or nature, whether heretofore or hereafter arising, for or because of any matter or thing done, omitted, or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Agreement and the Loan Documents. The provisions of this Section I and the remainder of this Agreement shall inure to the Bank and also run in favor of and inure to the maximum extent permitted by law to intended (and not incidental) third-party beneficiaries, which the Initial Loan Parties and Individual Guarantors agree shall include, without limitation, the Released Parties.

2 . Addition of Adamis as Co-Borrower under the Loan Documents. Effective as of the Agreement Date, without the necessity of further documentation by the parties hereto, the Loan Documents shall be deemed to be amended to add Adamis as a co-borrower under the Loan, with the intention that, pursuant to such amendment, Adamis shall assume responsibility as borrower for all obligations, duties and liabilities under the Loan Documents, jointly and severally with the current borrower or borrowers under the Loan. Notwithstanding the foregoing, the parties expressly agree each of the Initial Loan Parties shall remain, as applicable, a co-borrower under the Loan Documents as set forth immediately prior to execution of this Agreement, and accordingly; (a) each of the Initial Loan Parties' rights under the Loan Documents shall not be affected, nor shall they be relieved of their obligations, duties and liabilities thereunder, and (b) each of the Initial Loan Parties shall continue to be bound by all of the terms, provisions and conditions contained in the Loan Documents.

3 . Assumption. Effective as of the Agreement Date, Adamis hereby accepts the foregoing assumption of rights, obligations, duties and liabilities and assumes and agrees to pay and to perform, jointly and severally with each of the Initial Loan Parties (as applicable) all of the obligations, duties and liabilities as an original borrower under the Loan Documents, whether accruing on or after the date hereof, and further agrees that Adamis shall hereafter be bound by all of the terms, provisions and conditions contained in the Loan Documents. Notwithstanding the foregoing assumption by Adamis, except for the Property, each respective security agreement or security interest issued in connection with the Loan will apply only to the assets of the entity named therein.

4. Consent by Bank. Subject to the satisfaction of all conditions precedent set forth in Section 5 hereof, the Bank hereby expressly consents to the transfer of the Property and the foregoing acceptance and assumption; *provided, however*, that such consent shall not constitute (a) a waiver of any right of Bank under the Loan Documents to require its consent to any further assignment or delegation or to any transfer or conveyance of any real or personal property for which consent is required under the terms of the Loan Documents, and/or (b) an agreement by the Bank to consent to any such further assignment or delegation or any such transfer or conveyance for which consent is required under the terms of the Loan Documents. Upon the acquisition of the Property by Adamis, Bank consents to the termination of that certain lease between 4 HIMS and USC.

5. Conditions Precedent. The following are conditions precedent to Bank's entering into this Agreement:

5 . 1 Title Commitment. The irrevocable commitment of Conway Title Services & Escrow, Inc. ("**Title Company**") to issue CLTA 110.5, CLTA 104.8 and CLTA 111.4 (or equivalent) endorsements to Title Company's Title Policy No. 72307-44557291, dated December 23, 2014, and Title Policy No. LX 992447, dated August 8, 2014 ("**Existing Title Policy**"), in each case in form and substance acceptable to Bank and without deletions or exceptions other than as expressly approved by Bank in writing, or the irrevocable commitment of a title company approved by Bank to issue a new policy identical to Existing Title Policy and including such title matters arising after the date of the existing title policy which arc reasonably acceptable to Bank, insuring Bank that the priority and validity of all current mortgages provided by the Initial Loan Parties have not been and will not be impaired by this Agreement, the conveyance of the Property, or the transactions contemplated hereby.

5.2 UCC Filings. Lien searches evidencing that the Bank is the sole lienholder with respect to any property securing the Loan, which may be secured by UCC-1 Financing Statements.

5.3 Certain Documentation. Receipt and approval by Bank of: (a) the executed original of this Agreement; and (b) any other documents and agreements which are required to effectuate the transactions contemplated by this Agreement, determined in the Bank's sole and absolute discretion, in form and content acceptable to Bank.

5.4 Recordation of Certain Documents. Recordation of such documents and agreements, if any, required pursuant to this Agreement or which Bank has requested to be recorded or filed.

5.5 Organizational Documents. Delivery to Bank of the organizational documents and evidence of good standing of each of the Loan Parties, together with such resolutions or certificates as Bank may require, in form and content acceptable to Bank, authorizing the assumption and amendment of the Loan and executed by the appropriate persons and /or entities on behalf of each of the Loan Parties.

5.6 Accuracy of Representations and Warranties. The representations and warranties contained herein are true and correct.

5.7 Insurance. Receipt by Bank of certificates of insurance evidencing Adamis' casualty insurance policy and comprehensive liability insurance policy with respect to the Property, each in form and amount satisfactory to Bank.

5.8 Opinion of Counsel. Bank shall have received such opinions of counsel as may be required by Bank's counsel or the Loan Documents, addressed to Bank with respect to the enforceability, due execution and compliance of this Agreement, the transfer of the Property, and the transactions referenced herein.

6. Representations, Warranties and Covenants of Initial Loan Parties. To induce Bank to enter into this Agreement, 4 HIMS and USC, jointly and severally, hereby represent and warrant to, and covenant with, Bank and Adamis as follows:

6.1. Status of Title to Property. 4 HIMS lawfully possesses and will hold fee simple title in and to the Property until the transfer to Adamis, and the Mortgage is and will continue to be a first and prior lien on the Property.

6.2. Legal Status: Authority; Enforceability--Initial Loan Parties. 4 HIMS is an Arkansas limited liability company validly existing and in good standing under the laws of the Stale of Arkansas. USC is an Arkansas corporation validly existing and in good standing under the laws of the State of Arkansas. Each of the Initial Loan Parties has all requisite power and authority to enter into this Agreement and to make the assignments and delegations provided for herein. Upon execution and delivery hereof, this Agreement shall constitute the legal, valid and binding obligations of each of the Initial Loan Parties, enforceable against each of the Initial Loan Parties in accordance with its terms.

7. Representations and Warranties of Adamis. To induce Bank to enter into this Agreement, Adamis hereby represents and warrants to Bank as follows:

7.1. Legal Status; Authority; Enforceability--Adamis. Adamis is a Delaware corporation validly existing and in good standing under the laws of the State of Delaware and the State of Arkansas. Adamis has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. Upon the Agreement Date, the Loan Documents to which Adamis shall have become a party as a result hereof shall constitute the legal, valid and binding obligations of Adamis, enforceable against Adamis in accordance with their respective terms.

7.2. Reports. All reports, documents, instruments and information delivered to Bank by Adamis or on behalf of Adamis in connection with Adamis' assumption of liability under the Loan: (a) are correct and sufficiently complete to give Bank accurate knowledge of their subject matter; and (b) do not contain any misrepresentation of a material fact or omission of a material fact which omission makes the provided information misleading.

7.3. Embargoed Person. None of the funds or other assets of Adamis constitute properly of, or are beneficially owned, directly or indirectly, by any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the USA PATRIOT Act (including the anti-terrorism provisions thereof), the International Economic Powers Act, 50 U.S.C. §§ 1701, et. seq., the Trading with the Enemy Act, 50 U.S.C. App. 1 et. seq., and any Executive Orders or regulations promulgated thereunder, including those related to Specially Designated Nationals and Specially Designated Global Terrorists ("**Embargoed Person**"). No Embargoed Person has any interest of any nature whatsoever in Adamis.

8. General Provisions.

8.1. Non-Control. In no event shall the rights of the Bank pursuant to this Agreement or the Loan Documents be deemed to imply the Bank is in control of the business, management or properties of the Loan Parties or has power over the daily management functions and operating decisions made by the Loan Parties. The Loan Parties warrant and represent to the Bank that no misconduct or other improper action by the Bank has taken place prior to the date hereof which could give rise to an affirmative defense or separate cause of action on the part of the Loan Parties. However, should the Loan Parties or the Individual Guarantors (or any of them) have any perception or reason (without requirement of validation) to believe or assert the Bank has not acted in good faith regarding the Loan or should such defense or cause of action exist as of the date hereof, in consideration for Ten Dollars ($10.00), the provisions of this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Loan Parties and Individual Guarantors (including all members, managers, employees, agents and independent contractors hereby jointly, severally, unconditionally and irrevocably release, discharge and agree to hold the Released Parties harmless from any claims, or possibility of a claim arising as a result thereof, whether known or unknown.

8.2. References in Loan Documents. As of the Agreement Date, as used in the Loan Documents, except for this Agreement and, except as the context may otherwise require, all references in such Loan Documents to Borrower (whether denominated therein as "Borrower" or "Trustor," or otherwise) shall thereafter refer to and mean Adamis and each Initial Loan Party set forth in each of the Loan Documents, jointly and severally.

8.3. Continuing Force and Effect. Except as modified hereby, all of the terms and provisions of the Loan Documents will remain in full force and effect.

8.4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto as well as their respective heirs, executors, administrators, successors and permitted assigns.

8.5. Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, without reference to conflicts of laws principles.

8.6. Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings or communications. This Agreement may not be amended or modified, except by a written agreement signed by the applicable Loan Parties (with such applicability determined under each of the Loan Documents) and Bank.

8.7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

8.8. Confirmation By 4 HIMS, USC and Adamis. 4 HIMS and Adamis acknowledge that they are parties to a Purchase and Sale Agreement dated as of March 28, 2016, entered into by and between Adamis and 4 HIMS relating to the transfer of the Property and the assignment to Adamis of obligations under the Loan Documents under an Assignment, Assumption and Consent Agreement dated as of March 28, 2016 (together, the " **Assignment Agreements**"). 4 HIMS and USC agree that the addition of Adamis as a Borrower under the Loan Agreement as provided in this Agreement, and the assumption by Adamis of obligations thereunder as a Borrower, shall be governed by the provisions of this Agreement rather than by any different or conflicting provisions in the Assignment Agreements, all of which different or conflicting provisions shall be deemed superseded by the provisions of this Agreement.

[Signatures to Follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Agreement Date.

INITIAL LOAN PARTIES:

4 HIMS, LLC,
an Arkansas limited liability company

By: 
[Signature]

Eddie Glover
[Print Name]

Partner
[Title]

US COMPOUNDING, INC.,
an Arkansas corporation

By: 
[Signature]

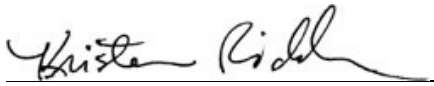
Eddie Glover
[Print Name]

CEO
[Title]

[INDIVIDUAL GUARANTORS SIGNATURE PAGE FOLLOWS]

INDIVIDUAL GUARANTORS:

EDDIE GLOVER, an individual



KRISTEN RIDDLE, an individual

[ADAMIS SIGNATURE PAGE FOLLOWS]

ADAMIS:

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: 
[Signature]

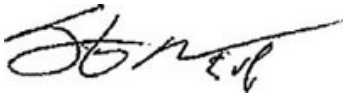
Robert O. Hopkins
[Print Name]

CFO
[Title]

[BANK SIGNATURE PAGE FOLLOWS]

BANK:

BEAR STATE BANK, N.A.,
a national banking association

By: 
[Signature]

STEVE MOORE
[Print Name]

Executive Vice President
[Title]

Loan No. 5500000152

SEPTEMBER 2016 AMENDED, RESTATED AND SUBSTITUTED PROMISSORY NOTE

$2,453,879.12

November 3, 2016
Effective September 30, 2016
_____, Arkansans

FOR VALUE RECEIVED, **US COMPOUNDING, INC.**, an Arkansas corporation ("USC"), **4 HIMS, LLC,** an Arkansas limited liability company ("4 Hims"), and **ADAMIS PHARMACEUTICALS CORPORATION,** a Delaware corporation ("Adamis") (USC, 4 Hims and Adamis collectively referred to herein as "Maker"), jointly, severally, unconditionally and irrevocably promise to pay to the order of **BEAR STATE BANK, N.A.,** a national banking association ("Holder"), or to the order of any subsequent holder hereof, in lawful money of the United States of America, the principal sum of Two Million Four Hundred Fifty Three Thousand Fight Hundred Seventy Nine and 12/100 United States Dollars ($2,453,879.12), together with interest on the outstanding and unpaid principal balance at a fixed rate of Three and Seventy-Five Hundredths percent (3.75%) per annum. In the event the foregoing provisions should be construed by a court of competent jurisdiction not to constitute a valid, enforceable designation of a rate of interest, the unpaid principal balances outstanding hereunder shall bear interest at the maximum rate of interest which Holder may lawfully charge under applicable law (the "Maximum Rate").

Repayment of the indebtedness represented by this September 2016 Amended, Restated and Substituted Promissory Note (the "Note") shall be as follows:

> Commencing on November 1, 2016, and continuing on the first (1st) day of each succeeding month through and including August 8, 2019, Maker shall pay to Holder thirty four (34) monthly payments of principal and interest, each in the amount of Fifteen Thousand Four Hundred Eleven and 48/100 United States Dollars ($15,411.48) (as set forth on the amortization schedule attached hereto as **Exhibit A), with a final payment of all outstanding principal, accrued and unpaid interest and all other sums payable pursuant to this Note or the Security Documents (defined below) being absolutely and unconditionally due and payable on August 8, 2019 (the "Maturity Date").**

All installments of principal and interest shall be payable to Holder, at 900 S. Shackleford, Little Rock, Arkansas 72211, or such other place as Holder or the subsequent holder hereof may designate in writing from time to time. If any payment of principal and interest on this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State of Arkansas, such payment shall be made on the next succeeding business day. Any payment made after its due date shall carry a late charge equal to four percent (4.0%) of the required payment, even if prior to occurrence of an Event of Default (defined below).

Maker may prepay this Note in whole or in part, without premium or penalty, at any time. All payments and prepayments made by Maker are to be applied first (1st) to the payment of any late charges, then to payment of any sums due pursuant to the Security Documents (defined below), then to the payment of accrued interest then due at the rate stated herein, and the balance shall be applied against outstanding principal balances due hereunder.

This is a joint, several, irrevocable, unconditional and continuing promise of Maker to pay to Holder the indebtedness evidenced by this Note.

Upon occurrence of any of the following events (an "Event of Default"), Holder or any subsequent holder hereof may declare the entire outstanding indebtedness of Maker evidenced by this Note due and payable as to principal, accrued interest, late charges and any other sums due:

(a) Maker shall fail to pay any amount of principal and interest or any pall thereof, under this Note within ten (10) calendar days after such payment is due; or

(b) Maker shall voluntarily become a party to any insolvency, bankruptcy, composition or reorganization proceeding; or make any assignment for the benefit of creditors; or if any involuntary bankruptcy, insolvency, composition, or other reorganization proceeding be filed against Maker, and the same shall not be dismissed within thirty (30) days after the commencement of any such involuntary proceeding; or

(c) Upon any default in any of the terms, warranties, covenants and provisions of any Security Document (defined herein) or any other promissory note executed by or other obligation owed by Maker to Holder.

If this Note is placed in the hands of an attorney for collection, by suit or otherwise, or for the protection of Holder's interest hereunder, Maker shall pay all costs of collection and all court costs and attorneys' fees, costs and expenses incurred by Holder.

From and after the Maturity Date or the date an Event of Default (in the event of acceleration of the indebtedness evidenced hereby by reason of Maker's default or otherwise), the entire indebtedness due hereunder including any accrued interest and late charges shall bear interest at the Maximum Rate until payment in full of all principal and interest, late payment charges and other sums due hereunder are made.

Maker hereby expressly waives, to the maximum extent permitted by law, any of the following rights: notice of acceleration, demand prior to foreclosure, presentment, protest, or notice of protest.

It is the intention of Maker and Holder to comply strictly with applicable usury laws. In no event and upon no contingency shall Holder ever be entitled to receive, collect or apply as interest any fees, charges or other payments labeled or ostensibly collected as interest, in excess of the Maximum Rate; and in the event Holder ever receives, collects or applies as interest any such excess, such amount, which but for this provision would be excessive interest, shall be applied to the reduction of the principal amount outstanding under this Note and if such outstanding principal amount and all lawful interest and other sums due is paid in full, any remaining excess shall be paid to Maker or other party lawfully entitled thereto. Any provision hereof or of any other agreement between Maker and Holder that operates to bind, obligate or compel Maker to pay interest in excess of the Maximum Rate shall require payment of the Maximum Rate only. The provisions of this paragraph shall be given precedence over any other provision contained herein or in any other agreement between Maker and Holder that is in conflict with the provisions of this paragraph.

This Note shall be construed according to the laws of the State of Arkansas.

If any provision hereof shall be construed to be invalid or unenforceable, the remaining provisions hereof shall not be affected by such invalidity or unenforceability. Each term or provision hereof shall, however, he valid and be enforced to the fullest extent permitted by law.

This Note is secured by, and may now or hereafter be secured by, mortgages, guaranties, trust deeds, assignments, security agreements, or other instruments of pledge or hypothecation (collectively, the "Security Documents" or separately, a "Security Document").

This Note: (i) is merely an amendment and restatement of the existing debt obligations represented by that certain Promissory Note of 4 Hims in favor of Lender in the amount of $2,586,892.09 (Loan No. 5500000152) (the "Initial Note"); (ii) is not a novation, substitution or creation of a new debt obligation of Lender; and (iii) shall not change or affect in any manner the conditions and stipulations of the documents evidencing or securing the loan evidenced by the Initial Note (collectively, the "Loan Documents"), except as herein specifically provided. Specifically, this Note merely restates, amends and substitutes the Initial Note, the indebtedness hereinafter being evidenced by this Note without release of any other instrument, Security Document or Loan Document.

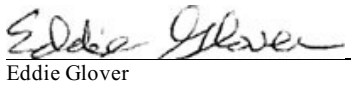
[Signature Page Follows]

MAKER:

US COMPOUNDING, INC.,
an Arkansas corporation

By: 
Name: Eddie Glover
Title: CEO

4 HIMS, LLC,
a Nevada limited liability company

By: 
Name: Eddie Glover
Title: Partner

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

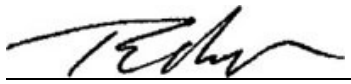
By: 
Name: Robert O. Hopkins
Title: CFO

EXHIBIT A

[AMORTIZATION SCHEDULE]

Starting Balance	$ 2,453,879.12			
Interest Rate	3.750%	Accrual Method	Simple Interest: Actual / 360	
Loan Term (months)	34			
Amortization (months)	223			
First Payment Date	11/8/16	Loan Date	9/30/16	
Payment Amount	$15,411.48			

ATTENTION: This amortization schedule is for a loan with Simple Interest accrual method. It is for estimate purposes only. Any variation in actual payment date or payment amount will alter the schedule following such a payment. This is for internal purposes only and does not constitute a guaranty of payment distribution.

Pmt. No	Payment Date	Starting Balance	Payment	Interest	Principal	Ending Balance	Cumulative Interest	Cumulative Principal
1	11/8/2016	$ 2,453,879.12	$ 15,411.48	$ 9,968.88	$ 5,442.60	$ 2,448,436.52	$ 9,968.88	$ 5,442.60
2	12/8/2016	$ 2,448,436.52	$ 15,411.48	$ 7,651.36	$ 7,760.12	$ 2,440,676.40	$ 17,620.24	$ 13,202.72
3	1/8/2017	$ 2,440,676.40	$ 15,411.48	$ 7,881.35	$ 7,530.13	$ 2,433,146.27	$ 25,501.59	$ 20,732.85
4	2/8/2017	$ 2,433,146.27	$ 15,411.48	$ 7,657.03	$ 7,754.45	$ 2,425,591.82	$ 33,358.62	$ 28,287.30
5	3/8/2017	$ 2,425,591.82	$ 15,411.48	$ 7,074.64	$ 8,336.84	$ 2,417,254.98	$ 40,433.26	$ 36,624.14
6	4/8/2017	$ 2,417,254.98	$ 15,411.48	$ 7,605.72	$ 7,805.76	$ 2,409,649.22	$ 48,238.98	$ 44,229.90
7	5/8/2017	$ 2,409,649.22	$ 15,411.48	$ 7,530.15	$ 7,881.33	$ 2,401,767.89	$ 55,769.13	$ 52,111.23
8	6/8/2017	$ 2,401,767.89	$ 15,411.48	$ 7,755.71	$ 7,655.77	$ 2,394,112.12	$ 63,524.84	$ 59,767.00
9	7/8/2017	$ 2,394,112.12	$ 15,411.48	$ 7,481.60	$ 7,929.88	$ 2,386,182.24	$ 71,006.44	$ 67,696.88
10	8/8/2017	$ 2,386,182.24	$ 15,411.48	$ 7,705.38	$ 7,706.10	$ 2,378,476.14	$ 78,711.82	$ 75,402.98
11	9/8/2017	$ 2,378,476.14	$ 15,411.48	$ 7,680.50	$ 7,730.98	$ 2,370,745.16	$ 86,392.32	$ 83,133.96
12	10/8/2017	$ 2,370,745.16	$ 15,411.48	$ 7,408.58	$ 8,002.90	$ 2,362,742.26	$ 93,800.90	$ 91,136.86
13	11/8/2017	$ 2,362,742.26	$ 15,411.48	$ 7,629.69	$ 7,781.79	$ 2,354,960.47	$ 101,430.59	$ 98,918.65
14	12/8/2017	$ 2,354,960.47	$ 15,411.48	$ 7,359.25	$ 8,052.23	$ 2,346,908.24	$ 108,789.84	$ 106,970.88
15	1/8/2018	$ 2,346,908.24	$ 15,411.48	$ 7,578.56	$ 7,832.92	$ 2,339,075.32	$ 116,368.40	$ 114,803.80
16	2/8/2018	$ 2,339,075.32	$ 15,411.48	$ 7,553.26	$ 7,858.22	$ 2,331,217.10	$ 123,921.66	$ 122,662.02
17	3/8/2018	$ 2,331,217.10	$ 15,411.48	$ 6,799.38	$ 8,612.10	$ 2,322,605.00	$ 130,721.04	$ 131,274.12
18	4/8/2018	$ 2,322,605.00	$ 15,411.48	$ 7,500.08	$ 7,911.40	$ 2,314,693.60	$ 138,221.12	$ 139,185.52
19	5/8/2018	$ 2,314,693.60	$ 15,411.48	$ 7,233.42	$ 8,178.06	$ 2,306,515.54	$ 145,454.54	$ 147,363.58
20	6/8/2018	$ 2,306,515.54	$ 15,411.48	$ 7,448.12	$ 7,963.36	$ 2,298,552.18	$ 152,902.66	$ 155,326.94
21	7/8/2018	$ 2,298,552.18	$ 15,411.48	$ 7,182.96	$ 8,228.50	$ 2,290,323.68	$ 160,085.64	$ 163,555.44
22	8/8/2018	$ 2,290,323.68	$ 15,411.48	$ 7,395.84	$ 8,015.64	$ 2,282,308.04	$ 167,481.48	$ 171,571.08
23	9/8/2018	$ 2,282,308.04	$ 15,411.48	$ 7,369.95	$ 8,041.53	$ 2,274,266.51	$ 174,851.43	$ 179,612.61
24	10/8/2018	$ 2,274,266.51	$ 15,411.48	$ 7,107.08	$ 8,304.40	$ 2,265,962.11	$ 181,958.51	$ 187,917.01
25	11/8/2018	$ 2,265,962.11	$ 15,411.48	$ 7,317.17	$ 8,094.31	$ 2,257,867.80	$ 189,275.68	$ 196,011.32
26	12/8/2018	$ 2,257,867.80	$ 15,411.48	$ 7,055.84	$ 8,355.64	$ 2,249,512.16	$ 196,331.52	$ 204,366.96
27	1/8/2019	$ 2,249,512.16	$ 15,411.48	$ 7,264.05	$ 8,147.43	$ 2,241,364.73	$ 203,595.57	$ 212,514.39
28	2/8/2019	$ 2,241,364.73	$ 15,411.48	$ 7,237.74	$ 8,173.74	$ 2,233,190.99	$ 210,833.31	$ 220,688.13
29	3/8/2019	$ 2,233,190.99	$ 15,411.48	$ 6,513.47	$ 8,898.01	$ 2,224,292.98	$ 217,346.78	$ 229,586.14
30	4/8/2019	$ 2,224,292.98	$ 15,411.48	$ 7,182.61	$ 8,228.87	$ 2,216,064.11	$ 224,529.39	$ 237,815.01
31	5/8/2019	$ 2,216,064.11	$ 15,411.48	$ 6,925.20	$ 8,486.28	$ 2,207,577.83	$ 231,454.59	$ 246,301.29
32	6/8/2019	$ 2,207,577.83	$ 15,411.48	$ 7,128.64	$ 8,282.84	$ 2,199,294.99	$ 238,583.23	$ 254,584.13
33	7/8/2019	$ 2,199,294.99	$ 15,411.48	$ 6,872.80	$ 8,538.68	$ 2,190,756.31	$ 245,456.03	$ 263,122.81
34	8/8/2019	$ 2,190,756.31	$ 2,197,830.63	$ 7,074.32	$ 2,190,756.31	$ -	$ 252,530.35	$ 2,453,879.12

Exhibit 10.62

Loan Nos. 5000028-406 and 5000024132

SEPTEMBER 2016 LOAN AMENDMENT AND CONSOLIDATION AGREEMENT

THIS SEPTEMBER 2016 LOAN AMENDMENT AND CONSOLIDATION AGREEMENT (the "Amendment") is entered into this 3rd day of November, 2016, with an effective date of September 30, 2016, by and among **BEAR STATE BANK, N.A.,** a national banking association and successor in interest to First Federal Bank, its successors and assigns ("Lender"), **US COMPOUNDING, INC.,** an Arkansas corporation ("USC"), **TRIBUTE LABS, LLC,** a Nevada limited liability company ("Tribute"), and **ADAMIS PHARMACEUTICALS CORPORATION,** a Delaware corporation ("Adamis") (USC, Tribute and Adamis are collectively referred to herein as the "Borrowers").

WHEREAS, on July 3, 2014, Lender made a loan to USC, in the initial principal amount of approximately Six Hundred Thirty Four Thousand Six Hundred Fifty Seven and 09/100 United States Dollars ($634,657.09) (Loan No. 5000028406) ("USC Loan"), as set forth in that certain Commercial Promissory Note by and between Lender and USC (the "USC Note"); and

WHEREAS, on March 21, 2014, Lender made a loan to Tribute, in the initial principal amount of Five Hundred Eighteen Thousand Two Hundred Thirty-Three and 24/100 United States Dollars ($518,233.24) (Loan No. 5000024132) ("Tribute Loan"), as set forth in that certain Commercial Promissory Note by and between Lender and Tribute (the "Tribute Note"); and

WHEREAS, the indebtedness pursuant to the USC Loan is secured by that certain Commercial Security Agreement by and between Lender and USC, dated July 3, 2014, covering certain equipment owned by USC and other property described therein;

WHEREAS, the indebtedness pursuant to the Tribute Loan is secured by that certain Commercial Security Agreement by and between Lender and Tribute, dated March 21, 2014, covering certain equipment owned by Tribute and other property described therein;

WHEREAS, Adamis entered into a merger transaction with USC (the "Merger"), pursuant to that certain Agreement and Plan of Merger dated as of March 28, 2016.

WHEREAS, in connection with the Merger, Lender has requested that the Loan Parties enter into this Amendment to evidence the following:

(a) The addition of Adamis as a borrower to the USC Loan and the Tribute Loan, whereby Adamis shall have, effective as of the date of this Amendment, all rights, duties, liabilities and obligations under the USC Loan and the Tribute Loan, and the acceptance and assumption of such rights, duties, liabilities and obligations by Adamis; and

(b) The continuation, except as noted below, of each of the Loan Parties' rights, duties, liabilities and obligations under the USC Loan and the Tribute Loan as a co-borrower, notwithstanding the acceptance and assumption of such rights, duties, liabilities and obligation by Adamis.

WHEREAS, Borrowers and Lender desire the USC Loan documents and Tribute Loan documents be amended as set forth in this Amendment and consolidate the USC Loan and the Tribute Loan, but that all other terms, conditions, and provisions of the such loan documents remain in full force and effect solely except as set forth in this Amendment;

NOW, THEREFORE, for and in consideration of Lender's agreement to the amendments set forth in this Amendment and the covenants, warranties and representations of Borrower contained herein, Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, it is agreed as follows:

AGREEMENTS

The recitals set forth above are not mere recitals of fact but are contractual in nature and are intended by the parties to be incorporated into this Amendment by reference, except in the event of a conflict between the incorporated recitals and the numbered sections of this Amendment, the numbered sections of this Amendment shall control. Terms and provisions which are not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement.

1. Consolidation of Loans. The USC Loan and the Tribute Loan are hereby combined and consolidated into a single loan ("Consolidated Loan"). The outstanding principal balance of the Consolidated Loan is $1,152,890.33. The Consolidated Loan shall bear interest from September 30, 2016 at three and 75/100 percent (3.75%) per annum, and the outstanding principal balance and accrued interest shall be payable on demand, but in the absence of demand, in sixty (60) monthly installments of principal plus accrued interest beginning on November 1, 2016, the first fifty nine (59) of which shall be in the amount of $33,939.90 each (as shown on the amortization schedule attached hereto as **Exhibit A**), with the outstanding principal balance plus accrued interest becoming due with the 60th and final installment. All installments shall be applied first against accrued interest through the date of payment and the balance of such installment shall be applied to reduce the outstanding principal balance hereunder.

2. Consolidation of Notes. The Borrowers have executed and delivered to Lender a Consolidated Promissory Note ("Consolidated Note"), dated effective September 30, 2016, which replaces and supersedes the USC Note (Loan No. 5000028406) and the Tribute Note (Loan No. 5000024132) ("Original Notes"). The Consolidated Note evidences a modification and continuation of the terms of the original indebtedness, evidenced by the Original Notes, including but not limited to, the modification in payment and interest terms set forth in Section 1 above. All security for the Original Notes shall be applicable to the indebtedness as now evidenced by the Consolidated Note, as amended herein.

3. Addition of Adamis as Co-Borrower under the Consolidated Loan. Effective as of the date hereof, without the necessity of further documentation by the parties hereto, the Consolidated Loan shall be deemed to be amended to add Adamis as a co-borrower under the Consolidated Loan, with the intention that, pursuant to such amendment, Adamis shall assume responsibility as borrower for all obligations, duties and liabilities under the Consolidated Loan, jointly and severally with the original borrower or borrowers under the USC Loan and Tribute Loan. Notwithstanding the foregoing, the parties expressly agree each of the Loan Parties shall remain, as applicable, a co-borrower under the Consolidated Loan as set forth immediately prior to execution of this Amendment, and accordingly: (a) each of the Loan Parties' rights under the USC Loan and the Tribute Loan shall not be affected, nor shall they be relieved of their obligations, duties and liabilities thereunder, and (b) each of the Loan Parties shall continue to be bound by all of the terms, provisions and conditions contained in the USC Loan documents and the Tribute Loan documents.

3. **Assumption**. Effective as of the date of this Amendment, Adamis hereby accepts the foregoing assumption of rights, obligations, duties and liabilities and assumes and agrees to pay and to perform, jointly and severally with each of the Loan Parties (as applicable) all of the obligations, duties and liabilities as an original borrower under the Consolidated Loan, whether accruing on or after the date hereof, and further agrees that Adamis shall hereafter be bound by all of the terms, provisions and conditions contained in the USC Loan documents and the Tribute Loan documents. Notwithstanding the foregoing assumption by Adamis, each respective security agreement or security interest issued in connection with the Consolidated Loan will apply only to the assets of the entity named therein.

4. **Estoppel; Waiver; Ratification and Release**. For and in consideration of the maturity extension granted by Lender, Ten United States Dollars ($10.00) and other good and valuable consideration, receipt and sufficiency being acknowledged, Borrowers, as evidenced by their respective signatures below, agree and acknowledge unqualified and unconditional obligation for the Indebtedness without defense, affirmative defense, counterclaim, right of setoff or other impediment to collection, and the same, if existing, being expressly released and waived by Borrowers in consideration for Lender entering into this Amendment.

5. **UCC**. Notwithstanding any provisions hereof or execution by Lender, this Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender should any lien searches or other confirmatory title information regarding the Collateral (to be provided at the expense of Borrower) reflect any default under the Loan or creation of any adverse claim or interest regarding the Collateral. In addition, Borrower authorizes Lender to file any and all initial, amendatory or continuation Uniform Commercial Code filings deemed necessary by Lender, without necessity of consent by Borrower.

6. **Good Standing of Borrower**. Notwithstanding any provisions hereof or execution by Lender, this Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender in the event Borrower is not validly existing and under its state of formation at the time of execution of this Amendment.

7. **Continuation**. All of the USC Loan documents and Tribute Loan documents are hereby modified to reflect the terms of this Amendment, and shall continue in full force and effect until the maturity of the Consolidated Note, and any extension or renewals thereof. All other provisions of the loan documents, not specifically modified herein, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment this 3rd day of November, 2016, with an effective date of September 30, 2016.

BORROWER:

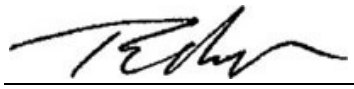
US COMPOUNDING, INC.,
an Arkansas corporation

By: 
Name: Eddie Glover
Title: CEO

TRIBUTE LABS, LLC,
a Nevada limited liability company

By: 
Name: Eddie Glover
Title: Partner

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: 
Name: Robert O. Hopkins
Title: CFO

LENDER:

BEAR STATE BANK, N.A.
a national banking association

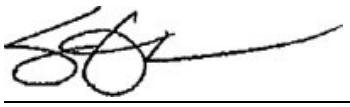
By: 
Name: Steve Moore
Title: Executive Vice President

EXHIBIT A

[AMORTIZATION SCHEDULE]

SEPTEMBER 2016 AMENDED, RESTATEI) AND CONSOLIDATED PROMISSORY NOTE

$1,152,890.33

October 31, 2016
Effective September 30, 2016
Conway, Arkansas

FOR VALUE RECEIVED, **US COMPOUNDING, INC.**, an Arkansas corporation ("USC"), TRIBUTE LABS, LLC, a Nevada limited liability company ("Tribute"), and **ADAMIS PHARMACEUTICALS CORPORATION**, a Delaware corporation ("Adamis") (USC, Tribute and Adamis collectively referred to herein as "Maker"), jointly, severally, unconditionally and irrevocably promise to pay to the order of **BEAR STATE BANK, N.A.**, a national banking association ("Holder"), or to the order of any subsequent holder hereof, in lawful money of the United States of America, the principal sum of One Million One Hundred Fifty Two Thousand Eight Hundred Ninety and 33/100 United States Dollars ($1,152,890.33), together with interest on the outstanding and unpaid principal balance at a fixed rate of Three and Seventy-Five Hundredths percent (3.75%) per annum. In the event the foregoing provisions should be construed by a court of competent jurisdiction not to constitute a valid, enforceable designation of a rate of interest, the unpaid principal balances outstanding hereunder shall bear interest at the maximum rate of interest which Holder may lawfully charge under applicable law (the "Maximum Rate"),

Repayment of the indebtedness represented by this September 2016 Amended, Restated and Consolidated Promissory Note (the "Note") shall be as follows:

> Commencing on November 1, 2016, and continuing on the first (1st) day of each succeeding month through and including October 1, 2021, Maker shall pay to Holder thirty six (36) monthly payments of principal and interest, each in the amount of Thirty Three Thousand Nine Hundred Thirty Nine and 90/100 United States Dollars ($33,939.90), **with a final payment of all outstanding principal, accrued and unpaid interest and all other sums payable pursuant to this Note or the Security Documents (defined below) being absolutely and unconditionally due and payable on October 1, 2019 (the "Maturity Date").**

All installments of principal and interest shall be payable to Holder, at 900 S. Shackleford Road, Suite 401, Little Rock, Arkansas 72211, or such other place as Holder or the subsequent holder hereof may designate in writing from time to time. If any payment of principal and interest on this Note shall become due on a Saturday, Sunday or public holiday under the laws of the State of Arkansas, such payment shall be made on the next succeeding business day. Any payment made after its due date shall carry a late charge equal to four percent (4.0%) of the required payment, even if prior to occurrence of an Event of Default (defined below).

Maker may prepay this Note in whole or in part, without premium or penalty, at any time. All payments and prepayments made by Maker are to be applied first (1st) to the payment of any late charges, then to payment of any sums due pursuant to the Security Documents (defined below), then to the payment of accrued interest then due at the rate stated herein, and the balance shall be applied against outstanding principal balances due hereunder.

This is a joint, several, irrevocable, unconditional and continuing promise of Maker to pay to Holder the indebtedness evidenced by this Note.

Upon occurrence of any of the following events (an "Event of Default"), Holder or, any subsequent holder hereof may declare the entire outstanding indebtedness of Maker evidenced by this Note due and payable as to principal, accrued interest, late charges and any other sums due:

(a) Maker shall fail to pay any amount of principal and interest or any part thereof, under this Note within ten (10) calendar days after such payment is due; or

(b) Maker shall voluntarily become a party to any insolvency, bankruptcy, composition or reorganization proceeding; or make any assignment for the benefit of creditors; o r if any involuntary bankruptcy, insolvency, composition, or other reorganization proceeding be filed against Maker, and the same shall not be dismissed within thirty (30) days after the commencement of any such involuntary proceeding; or

(c) Upon any default in any of the terms, warranties, covenants and provisions of any Security Document (defined herein) or any other promissory note executed by or other obligation owed by Maker to Holder.

If this Note is placed in the hands of all attorney for collection, by suit or otherwise, or for the protection of Holder's interest hereunder, Maker shall pay all costs of collection and all court costs and attorneys' fees, costs and expenses incurred by Holder.

From and after the Maturity Date or the date of all Event of Default (in the event of acceleration of the indebtedness evidenced hereby by reason of Maker's default or otherwise), the entire indebtedness due hereunder including any accrued interest and late charges shall bear interest at the Maximum Rate until payment in full of all principal and interest, late payment charges and other scams due hereunder are made.

Maker hereby expressly waives, to the maximum extent permitted by law, any of the following rights: notice of acceleration, demand prior to foreclosure, presentment, protest, or notice of protest.

It is the intention of Maker and Holder to comply strictly with applicable usury laws. In no event and upon no contingency shall Holder ever be entitled to receive, collect or apply as interest any fees, charges or other payments labeled or ostensibly collected as interest, in excess of the Maximum Rate; and in the event Holder ever receives, collects or applies as interest any such excess, such amount, which but for this provision would be excessive interest, shall be applied to the reduction of the principal amount outstanding under this Note and if such outstanding principal amount and all lawful interest and other sums due is paid in full, any remaining excess shall be paid to Maker or other party lawfully entitled thereto. Any provision hereof or of any other agreement between Maker and Holder that operates to bind, obligate or compel Maker to pay interest in excess of the Maximum Rate shall require payment of the Maximum Rate only. The provisions of this paragraph shall be given precedence over any other provision contained herein or in any other agreement between Maker and Holder that is in conflict with the provisions of this paragraph.

This Note shall he construed according to the laws of the State of Arkansas.

If any provision hereof shall be construed to be invalid or unenforceable, the remaining provisions hereof shall not be affected by such invalidity or unenforceability. Each term or provision hereof shall, however, be valid and be enforced to the fullest extent permitted by law.

This Note is secured by, and may now or hereafter be secured by, mortgages, guaranties, trust deeds, assignments, security agreements, or other instruments of pledge or hypothecation (collectively, the "Security Documents" or separately, a "Security Document").

This Note: (i) is merely an amendment and restatement of the existing debt obligations represented by: (A) that certain Promissory Note of USC in favor of Lender in the amount of $634,657.09 (Loan No. 5000028406) (the "USC Initial Note") and (B) that certain Promissory Note of Tribute in favor of Lender in the amount of $518,233.24 (Loan No. 5000024132) (the "Tribute Initial Note"); (ii) is not a novation, substitution or creation of a new debt obligation of Lender; and (iii) shall not change or affect in any manner the conditions and stipulations of the documents evidencing or securing the loan evidenced by the USC Initial Note or the Tribute Initial Note (collectively, the "Loan Documents"), except as herein specifically provided. Specifically, this Note merely restates, amends and consolidates the USC Initial Note and the Tribute Initial Note, the indebtedness hereinafter being evidenced by this Note without release of any other instrument, Security Document or Loan Document.

[Signature Page Follows]

MAKER:

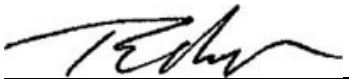
US COMPOUNDING, INC.,
an Arkansas corporation

By: 
Name: Eddie Glover
Title: CEO

TRIBUTE LABS, LLC,
a Nevada limited liability company

By: 
Name: Eddie Glover
Title: Partner

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: 
Name: Robert O. Hopkins
Title: CFO

Starting Balance	$ 1,152,890.33			
Interest Rate	3.750%	Accrual Method	Simple Interest: Actual / 360	
Loan Term (months)	36			
Amortization (months)	36			
First Payment Date	11/1/16	Loan Date	9/30/16	
Payment Amount	$33,939.90	(Enter the 1st of the month you want your first payment)		

ATTENTION: This amortization schedule is for a loan with Simple Interest accrual method. It is for estimate purposes only. Any variation in actual payment date or payment amount will alter the schedule following such a payment. This is for internal purposes only and does not constitute a guaranty of payment distribution.

Pmt. No	Payment Date	Starting Balance	Payment	Interest	Principal	Ending Balance	Cumulative Interest	Cumulative Principal
1	11/1/2016	$ 1,152,890.33	$ 33,939.90	$ 3,842.97	$ 30,096.93	$ 1,122,793.40	$ 3,842.97	$ 30,096.93
2	12/1/2016	$ 1,122,793.40	$ 33,939.90	$ 3,508.73	$ 30,431.17	$ 1,092,362.23	$ 7,351.70	$ 60,528.10
3	1/1/2017	$ 1,092,362.23	$ 33,939.90	$ 3,527.42	$ 30,412.48	$ 1,061,949.75	$ 10,879.12	$ 90,940.58
4	2/1/2017	$ 1,061,949.75	$ 33,939.90	$ 3,429.21	$ 30,510.69	$ 1,031,439.06	$ 14,308.33	$ 121,451.27
5	3/1/2017	$ 1,031,439.06	$ 33,939.90	$ 3,008.36	$ 30,931.54	$ 1,000,507.52	$ 17,316.69	$ 152,382.81
6	4/1/2017	$ 1,000,507.52	$ 33,939.90	$ 3,230.81	$ 30,709.09	$ 969,798.43	$ 20,547.50	$ 183,091.90
7	5/1/2017	$ 969,798.43	$ 33,939.90	$ 3,030.62	$ 30,909.28	$ 938,889.15	$ 23,578.12	$ 214,001.18
8	6/1/2017	$ 938,889.15	$ 33,939.90	$ 3,031.83	$ 30,908.07	$ 907,981.08	$ 26,609.95	$ 244,909.25
9	7/1/2017	$ 907,981.08	$ 33,939.90	$ 2,837.44	$ 31,102.46	$ 876,878.62	$ 29,447.39	$ 276,011.71
10	8/1/2017	$ 876,878.62	$ 33,939.90	$ 2,831.59	$ 31,108.31	$ 845,770.31	$ 32,278.98	$ 307,120.02
11	9/1/2017	$ 845,770.31	$ 33,939.90	$ 2,731.13	$ 31,208.77	$ 814,561.54	$ 35,010.11	$ 338,328.79
12	10/1/2017	$ 814,561.54	$ 33,939.90	$ 2,545.50	$ 31,394.40	$ 783,167.14	$ 37,555.61	$ 369,723.19
13	11/1/2017	$ 783,167.14	$ 33,939.90	$ 2,528.98	$ 31,410.92	$ 751,756.22	$ 40,084.59	$ 401,134.11
14	12/1/2017	$ 751,756.22	$ 33,939.90	$ 2,349.24	$ 31,590.66	$ 720,165.56	$ 42,433.83	$ 432,724.77
15	1/1/2018	$ 720,165.56	$ 33,939.90	$ 2,325.53	$ 31,614.37	$ 688,551.19	$ 44,759.36	$ 464,339.14
16	2/1/2018	$ 688,551.19	$ 33,939.90	$ 2,223.45	$ 31,716.45	$ 656,834.74	$ 46,982.81	$ 496,055.59
17	3/1/2018	$ 656,834.74	$ 33,939.90	$ 1,915.77	$ 32,024.13	$ 624,810.61	$ 48,898.58	$ 528,079.72
18	4/1/2018	$ 624,810.61	$ 33,939.90	$ 2,017.62	$ 31,922.28	$ 592,888.33	$ 50,916.20	$ 560,002.00
19	5/1/2018	$ 592,888.33	$ 33,939.90	$ 1,852.78	$ 32,087.12	$ 560,801.21	$ 52,768.98	$ 592,089.12
20	6/1/2018	$ 560,801.21	$ 33,939.90	$ 1,810.92	$ 32,128.98	$ 528,672.23	$ 54,579.90	$ 624,218.10
21	7/1/2018	$ 528,672.23	$ 33,939.90	$ 1,652.10	$ 32,287.80	$ 496,384.43	$ 56,232.00	$ 656,505.90
22	8/1/2018	$ 496,384.43	$ 33,939.90	$ 1,602.91	$ 32,336.99	$ 464,047.44	$ 57,834.91	$ 688,842.89
23	9/1/2018	$ 464,047.44	$ 33,939.90	$ 1,498.49	$ 32,441.41	$ 431,606.03	$ 59,333.40	$ 721,284.30
24	10/1/2018	$ 431,606.03	$ 33,939.90	$ 1,348.77	$ 32,591.13	$ 399,014.90	$ 60,682.17	$ 753,875.43
25	11/1/2018	$ 399,014.90	$ 33,939.90	$ 1,288.49	$ 32,651.41	$ 366,363.49	$ 61,970.66	$ 786,526.84
26	12/1/2018	$ 366,363.49	$ 33,939.90	$ 1,144.69	$ 32,795.01	$ 333,568.48	$ 63,115.55	$ 819,321.85
27	1/1/2019	$ 333,568.48	$ 33,939.90	$ 1,077.15	$ 32,862.75	$ 300,705.73	$ 64,192.70	$ 852,184.60
28	2/1/2019	$ 300,705.73	$ 33,939.90	$ 971.03	$ 32,968.87	$ 267,736.86	$ 65,163.73	$ 885,153.47
29	3/1/2019	$ 267,736.86	$ 33,939.90	$ 780.00	$ 33,159.00	$ 234,577.86	$ 65,944.63	$ 918,312.47
30	4/1/2019	$ 234,577.86	$ 33,939.90	$ 757.49	$ 33,182.41	$ 201,395.45	$ 66,702.12	$ 951,494.88
31	5/1/2019	$ 201,395.45	$ 33,939.90	$ 629.36	$ 33,310.54	$ 168,084.91	$ 67,331.48	$ 984,805.42
32	6/1/2019	$ 168,084.91	$ 33,939.90	$ 542.77	$ 33,397.13	$ 134,687.78	$ 67,874.25	$ 1,018,202.55
33	7/1/2019	$ 134,687.78	$ 33,939.90	$ 420.90	$ 33,519.00	$ 101,168.78	$ 68,295.15	$ 1,051,721.55
34	8/1/2019	$ 101,168.78	$ 33,939.90	$ 326.69	$ 33,613.21	$ 67,555.57	$ 68,621.84	$ 1,085,334.76
35	9/1/2019	$ 67,555.57	$ 33,939.90	$ 218.15	$ 33,721.75	$ 33,833.82	$ 68,839.99	$ 1,119,056.51
36	10/1/2019	$ 33,833.82	$ 33,939.55	$ 105.73	$ 33,833.82	$ 0.00	$ 68,945.72	$ 1,152,890.33

AMENDED AND RESTATED SECURITY AGREEMENT
[Equipment]

THIS AMENDED AND RESTATED SECURITY AGREEMENT (this "Agreement") entered into this 3rd day of November, 2016, with an effective date of September 30, 2016, by and between **US COMPOUNDING, INC.**, an Arkansas corporation, **TRIBUTE LABS, LLC**, a Nevada limited liability company, and **ADAMIS PHARMACEUTICALS CORPORATION**, a Delaware corporation (collectively, the "Grantors" or "Borrowers"), and **BEAR STATE BANK, N.A.**, a national banking association, its successors and assigns ("Lender"), as follows:

W I T N E S S E TH

WHEREAS, in August 2014, US COMPOUNDING, INC. ("USC") entered into a Commercial Promissory Note, Commercial Security Agreement and related documents (the "USC Loan Documents") with Lender, pursuant to which Lender made a loan to USC in the original principal amount of Six Hundred Thirty Four Thousand Six Hundred Fifty Seven and 09/100 United States Dollars ($634,657.09) (Loan No. 5000028406) ("USC Loan");

WHEREAS, on or about March 21, 2014, TRIBUTE LABS, LLC ("Tribute") entered into a Commercial Promissory Note, Commercial Security Agreement and related documents (the "Tribute Loan Documents") with Lender, pursuant to which Lender made a loan to Tribute in the original principal amount of Five Hundred Eighteen Thousand Two Hundred Thirty-Three and 24/100 United States Dollars ($518,233.24) (Loan No. 50000024132) ("Tribute Loan");

WHEREAS, Borrowers and Lender desire the USC Loan documents and Tribute Loan documents have been amended and the USC Loan and the Tribute Loan have been consolidated as set forth in that certain September 2016 Loan Amendment and Consolidation Agreement ("Consolidation Agreement"); and

WHEREAS, pursuant to the Consolidation Agreement, the Commercial Security Agreement securing the USC Loan and the Commercial Security Agreement securing the Tribute Loan are amended and restated as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantors hereby agree with Lender as follows:

1. Definitions.

(a) All terms used in this Agreement which arc defined in the USC Loan Documents, the Tribute Loan Documents, or in the Uniform Commercial Code of the State of Arkansas (the "Code") and which are not otherwise defined herein shall have the same meanings herein as set forth therein.

(b) The term "Event of Default" shall have the meaning set out in Section 7 hereof.

2 . Grant of Security Interest. As collateral security for all of the Obligations (as defined in Section 3 hereof), Grantors hereby pledge, grant, bargain, sell, convey and assign to Lender, and grant to Lender a continuing security interest in, the following (collectively, the "Collateral"):

(a) All Equipment described in **Exhibit A** attached hereto and incorporated herein; and

(b) Any and all substitutions and replacements therefor, and all product and proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included.

In each case, whether now owned or hereafter acquired by Grantors and howsoever Grantors' interest therein may arise or appear.

3 . Security for Obligations. The security interest created hereby in the Collateral constitutes continuing collateral security for all of the following obligations, whether now existing or hereafter incurred (the "Obligations"):

(a) The full and prompt payment when due of the indebtedness evidenced by the USC Loan Documents, the Tribute Loan Documents, the Consolidation Agreement, and any and all renewals, modifications and extensions thereof, in whole or in part;

(b) The due performance and observance by Grantor of all of its covenants, agreements, representations, liabilities, obligations, and undertakings as set forth herein, or in the USC Loan Documents, the Tribute Loan Documents, the Consolidation Agreement, or in any other instrument or document which now or at any time hereafter evidences or secures all or any part of the Obligations hereby secured.

4. Representations and Warranties. Grantors represent and warrant as follows:

(a) Grantors own the Collateral free and clear of any lien, security interest or other charge or encumbrance except for the security interest created by this Agreement, and except for the financing statements filed in favor of Lender relating to this Agreement, or indication of Lender's security interest on the certificate of title with the applicable state licensing authority for such item of Collateral, no other financing statement, notation on the certificate of title, or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, nor is any lien or security interest on the Collateral provided by any contract or agreement to which Grantors are a party.

(b) The exercise by Lender of its rights and remedies hereunder will not contravene any law or governmental regulation or any contractual restriction binding on or affecting Grantors or any of Grantors' properties and will not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of Grantors' properties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or other regulatory body is required either for the grant by Grantors of the security interest created hereby in the Collateral or for the exercise by Lender of its rights and remedies hereunder.

(d) This Agreement creates a valid presently conveyed security interest in favor of Lender in the Collateral, there being no agreement to delay attachment of such security interest. The filing of financing statements with the Secretary of State of Arkansas and notation of Lender's security interest on the certificate of title will perfect and establish the first priority of Lender's security interest hereunder in the Collateral, subject to no other liens, security interests, and encumbrances. Except as set forth in this Section 4(e), no action is necessary or desirable to perfect or otherwise protect such security interest.

5. Covenants as to the Collateral. So long as any of the Obligations shall remain outstanding, unless Lender shall otherwise consent in writing:

(a) Further Assurances. Grantors will at Grantors' expense, at any time and from time to time, promptly execute and deliver all further instruments and documents and take all further action Lender deems necessary or desirable or that Lender may request in order (i) to perfect and protect the security interest created or purported to be created hereby; (ii) to enable Lender to exercise and enforce its rights and remedies hereunder in respect of the Collateral; or (iii) to otherwise effect the purposes of this Agreement, including, without limitation: (A) executing and filing such financing or continuation statements, or amendments thereto, as Lender deems necessary or desirable or that Lender may request in order to perfect and preserve the security interest created hereby; (B) permitting Lender to file notations on any certificates of title for any item of Collateral; and (C) furnishing to Lender from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Lender may reasonably request, all in reasonable detail.

(b) Transfers and other Liens. Without the prior written consent of Lender, Grantors will not: (i) sell, assign (by operation of law or otherwise), exchange, or otherwise dispose of any of the Collateral; or (ii) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral except for the security interest created by this Agreement or as allowed by Section 4(b) of this Agreement.

6. Additional Provisions Concerning the Collateral.

(a) Grantors hereby authorize Lender to file, without the signature of Grantors as permitted by law, one or more financing or continuation statements, and amendments thereto, relating to the Collateral.

(b) Grantors hereby authorize Lender to file notations on any certificate of title with the applicable state licensing authority, relating to the Collateral.

(c) Grantors hereby irrevocably appoint Lender as Grantors' attorney-in-fact and proxy, with full authority in the place and stead of Grantors and in the name of Grantors or otherwise, from time to time in Lender's discretion, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement. Grantors hereby ratify and approve all acts of said attorney; and the attorney so long as the attorney acts in good faith it shall have no liability to Grantors for any act or omission as such attorney.

(d) If Grantors fail to perform any agreement contained herein, Lender may itself perform, or cause performance of such agreement or obligation, and the expenses of Lender incurred in connection therewith shall be payable by Grantors under Section 8 hereof, and shall be fully secured hereby.

(e) The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Lender shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

(f) Anything herein to the contrary notwithstanding: (1) Grantors shall remain liable under any contracts and agreements included in or relating to the Collateral to the extent set forth therein to perform all of Grantors obligations thereunder to the same extent as if this Agreement had not been executed; (ii) the exercise by Lender of any of its rights hereunder shall not release Grantor from any of Grantors' duties or obligations under the contracts and agreements included in or relating to the Collateral; and (iii) Lender shall not have any obligation or liability by reason of this Agreement under any contracts and agreements included in or relating to the Collateral, nor shall Lender be obligated to perform any of the obligations or duties of Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

7 . Events of Default. An Event of Default shall be deemed to have occurred hereunder upon the occurrence of a failure or default in the full, faithful and prompt payment or performance of any one or more of the Obligations, and shall include, but shall not be limited to:

(a) Any default in the full and prompt payment when due of all or any part of any indebtedness constituting part of the Obligations secured hereby;

(b) Any default by Grantors in the full, faithful and prompt payment or performance of any covenant, agreement, liability, obligation, condition or undertaking on Grantors' part to be paid, met, kept, observed or performed pursuant to the provisions hereof after expiration of notice and any right of Grantors to cure;

(c) Any default by Borrowers in the full, faithful and prompt payment or performance of any covenant, agreement, liability, obligation, condition or undertaking on Borrowers' part to paid, met, kept, observed or performed pursuant to the provisions of the USC Loan Documents, Tribute Loan Documents, Consolidation Agreement, or of any other instrument or document now or hereafter evidencing or securing all or any part of the Obligations; or

(d) Any warranty or representation contained herein or in the USC Loan Documents, Tribute Loan Documents, Consolidation Agreement, or any document executed in connection therewith, shall prove to have been false or materially misleading as of the time made.

8. **Remedies Upon Default**. If an Event of Default shall have occurred:

(a) Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Collateral), and also may (i) require Grantors to, and Grantors hereby agree Grantors will at Grantors' expense and upon request of Lender forthwith, assemble all or part of the Collateral as directed by Lender and make it available to Lender at a place to be designated by Lender which is reasonably convenient to both parties; and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Lender's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as Lender may deem commercially reasonable. Grantors agree that, to the extent notice of sale shall be required by law, at least ten (10) days notice to Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Lender shall not he obligated to make any sale of Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, Without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by Lender as Collateral and all cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral under the provisions of the Code or this Agreement shall be applied as follows:

(i) First, to the repayment of the reasonable costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by Lender in connection with (A) the administration of this Agreement, (B) the custody, preservation, use, or operation of, or the sale of, collection from, or other realization upon, any Collateral, (C) the exercise or enforcement of any of the rights of Lender hereunder, or (D) the failure of Grantors to perform or observe any of the provisions hereof;

(ii) Second, to the satisfaction of the Obligations, in such order as Lender shall elect;

(iii) Third, the surplus proceeds, if any, to Grantors or to whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct.

(c) In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which Lender is legally entitled, Grantors shall be liable for the deficiency, together with interest thereon at such rate(s) as shall be fixed by instruments evidencing the obligations with respect to which such deficiency exists, together with the costs of collection and the reasonable fees of any attorneys employed by Lender to collect such deficiency.

9 . Rights and Duties of Lender, Etc. Lender undertakes, as to this Agreement, to exercise only such duties as are specifically set forth in this Agreement and to exercise such of the rights, powers and remedies as are vested in it by, this Agreement or by law. In any instance hereunder where Lender's approval or consent is required or the exercise of Lender's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Lender, and Lender shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment.

10. Indemnity and Expenses.

(a) Grantors agree to indemnify Lender from and against any and all claims, losses, and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses, or liabilities resulting solely and directly from Lender's gross negligence or willful misconduct.

(b) Grantors will upon demand pay to Lender the amount of any and all reasonable cost and expenses, including the fees and disbursements of Lender's counsel and of any experts and agents, which Lender may incur in connection with (i) the administration of this Agreement (excluding the salary of Lender's employees and Lender's normal and usual overhead expenses); (ii) the custody, preservation, use, or operation of, or the sale of, collection from, or other realization upon, any Collateral; (iii) the exercise or enforcement of any of the rights of Lender hereunder; or (iv) the failure by Grantors to perform or observe any of the provisions hereof, except expenses resulting solely and directly from Lender's gross negligence or willful misconduct.

11. Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be given and deemed received as set forth in the Loan Agreement.

12. Security Interest Absolute. All rights of Lender, all security interests and all Obligations of Grantors hereunder shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any provision or portion of the USC Loan Documents, Tribute Loan Documents, Consolidation Agreement, or any other agreement or instrument relating thereto (so long as the obligations of Lender as a whole remain enforceable); (ii) any change in the time, manner, or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from this Security Agreement, USC Loan Documents, Tribute Loan Documents, Consolidation Agreement, or any other agreement or instrument relating thereto; (iii) any increase in, addition to, or exchange, release, or non-perfection of, any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations; (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Grantors in respect of the Obligations or this Security Agreement; or (v) the absence of any action on the part of Lender to obtain payment or performance of the Obligations from Grantors or any other party.

13. Miscellaneous. (a) No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by Grantors and Lender, and no waiver of any provision of this Agreement, and no consent to any departure by Grantors therefrom, shall be effective unless it is in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder or under any other instrument or document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of Lender provided herein and in the other instruments and documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Lender under the USC Loan Documents, Tribute Loan Documents, Consolidation Agreement, or any other instrument which now or hereafter evidences or secures all or part of the Obligations, or any related document against any party thereto are not conditional or contingent on any attempt by Lender to exercise any of its rights under any other such instrument or document against such party or against any other party.

(c) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(d) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the termination of the duties and obligations of Grantors under the USC Loan Documents, Tribute Loan Documents, Consolidation Agreement, and, thereafter, until the payment in full of the Obligations, (ii) be binding on Grantors and Grantors' successors and permitted assigns and shall inure, together with all rights and remedies of Lender hereunder, to the benefit of Lender and its respective successors, transferees, and assigns. None of the rights or obligations of Grantors hereunder may be assigned or otherwise transferred without the prior written consent of Lender.

(c) Upon the termination of the duties and obligations of Grantors under the USC Loan Documents, Tribute Loan Documents, Consolidation Agreement and the satisfaction in full of the Obligations, Lender will, upon Grantors' request and at Grantors' expense, (i) return to Grantors such of the Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof; and (ii) execute and deliver to Grantors such documents as Grantors shall I reasonably request to evidence termination of the security interest herein granted.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas.

(g) The captions or headings of the Sections of this Agreement are inserted merely for convenience of reference and shall not be deemed to limit or modify the terms and provisions hereof.

IN WITNESS WHEREOF, Grantors and Lender have executed and delivered this Agreement.

GRANTORS:

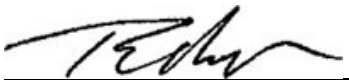
US COMPOUNDING, INC.,
an Arkansas corporation

By: 
Name: Eddie Glover
Title: CEO

TRIBUTE LABS, LLC
an Arkansas limited liability company

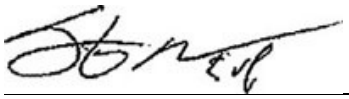
By: 
Name: Eddie Glover
Title: Partner

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: 
Name: Robert O. Hopkins
Title: CFO

LENDER:

BEAR STATE BANK, N.A.
a national banking association

By: 
Name: STEVE MOORE
Title: Executive Vice President

CERTIFICATE OF ACKNOWLEDGMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF California)

County of San Diego } ss.

On November 9th 2016 before me, T. Fitzmaurice Notary Public, personally appeared Robert A. Hoplin, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

ite now for said person lly well _ of US :cute the at he had entioned

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

day of

WITNESS my hand and official seal.

Signature T. Fitzmaurice

Notary Public T. Fitzmaurice

T. FITZMAURICE
Commission # 2075362
Notary Public - California
San Diego County
My Comm. Expires Jul 21, 2018

STATE OF ARKANSAS)
) ss:
COUNTY OF Faulkner)

ACKNOWLEDGMENT

On this day, before me, a Notary Public (or before any officer within this State or without the State now qualified under existing law to take acknowledgments), duly commissioned, qualified and acting, within and for said County and State, appeared in person the within named Eddie Glover (being the person authorized by said limited liability company to execute such instrument, stating his capacity in that behalf), to me personally well known (or satisfactorily proven to be such person), who stated that he was the Partner of **TRIBUTE LABS, LLC**, an Arkansas limited liability company, and that he/she was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of said limited liability company, and further stated and acknowledged that he had so signed, executed, and delivered said foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 14th day of Nov., 2016.

[SEAL]

Lana W Cates

Notary Public
Printed Name: Lana W Cates
My commission expires: 1-28-2019

LANA W. CATES
NOTARY PUBLIC
FAULKNER COUNTY
ARKANSAS

EXHIBIT A

Turbofil VERS-40 Vial Filling and Capping System, and

CTM Model 360A together with all accessions, parts, imbedded software, attachments, accessories, tools, and dies, or appurtenances thereto intended for use in connection therewith, and all substitutions, betterments, and replacements thereof and additions thereto.

Exhibit 10.63

Loan No. 5000279900

AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS AMENDMENT TO LOAN AND SECURITY AGREEMENT (the "Amendment") is entered into this 3rd day of November, 2016, with an effective date of September 30, 2016, by and between **BEAR STATE BANK, N.A.,** a national banking association ("Lender"), and **ADAMIS PHARMACEUTICALS CORPORATION,** a Delaware corporation ("Borrower").

WHEREAS, Lender extended a business loan to Borrower, in the initial amount of Two Million and No/100 United States Dollars ($2,000,000.00) (the "Loan"), as set forth in that certain Loan and Security Agreement by and between Lender and Borrower dated March 2016 (the "Loan Agreement"); and

WHEREAS, Borrower and Lender desire the Loan Agreement be amended as set forth in this Amendment, but that all other terms, conditions, and provisions of the Loan Agreement remain in full force and effect solely except as set forth in this Amendment;

WHEREAS, Borrower hereby intends to and by execution hereof ratifies and affirms Borrower's unqualified and unconditional liability on all indebtedness of the Loan;

NOW, THEREFORE, for and in consideration of Lender's agreement to the amendments set forth in this Amendment, the Loan Agreement, and the covenants, warranties and representations of Borrower contained herein, Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, it is agreed as follows:

AGREEMENTS

The recitals set forth above are not mere recitals of fact but are contractual in nature and are intended by the parties to be incorporated into this Amendment by reference, except in the event of a conflict between the incorporated recitals and the numbered sections of this Amendment, the numbered sections of this Amendment shall control. Terms and, provisions which are not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement.

1. **Definitions**. The following definitions, as set forth below, shall replace the definitions previously set forth in the Loan Agreement:

(a) "Collateral" collectively means:

(i) The following instruments:

(A) that certain Promissory Note dated March 28, 2016, from U.S. Compounding, Inc., an Arkansas corporation ("USC"), in favor of Borrower, in the principal amount of up to Two Million and No/100 United States Dollars ($2,000,000.00) (the "USC Note");

(B) that certain Certificate of Deposit No. 3000028062 of Borrower (the "CD");

(ii) All Accounts of Borrower currently or hereafter existing relating to Borrower's rights under the USC Note; and all rights now or hereafter existing in and to all security agreements and other documents securing or otherwise relating to any such Accounts (collectively, the "Accounts"); and all General Intangibles or Payment Intangibles currently or hereafter existing relating to Borrower's rights under the USC Note;

(iii) Any and all substitutions and replacements therefor, and all product and proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included; and

(iv) All deeds of trust, mortgages or other instruments of debt, pledge or hypothecation evidencing or securing the USC Note, if any.

2 . Additional Covenants of Borrower. Section 7.19, as set forth below, shall replace such subsection previously set forth in the Loan Agreement:

7.19 Borrower and Lender acknowledge that Lender's rights in and to the common stock of Borrower, pursuant to the Warrant, constitute a material portion of the consideration for Lender extending credit to Borrower. Therefore, Borrower covenants that if, at any time prior to the full satisfaction of the Obligations, the value of the sum of (i) the amount of funds in the CD, plus (ii) the product of, (A) number of unexercised shares in favor of Lender pursuant to the Warrant; multiplied by (B) the value of the common stock of Borrower, shall fall below the product of, (Y) 1.50; multiplied by (Z) the outstanding principal balance of the Note, then, notwithstanding any provision of this Agreement to the contrary, Borrower shall have three (3) Business days after delivery of notice from Lender to either: (1) amend the Warrant, or provide an additional Warrant to provide Lender with rights to additional shares of common stock of Borrower; or (2) reduce the principal balance of the Note to bring Borrower in compliance with the requirements set forth above in this Section 7.19. Failure of Borrower to comply with the corrective measures set forth in this Section 7.19 shall constitute an Event of Default, and thereafter Lender shall have all remedies set forth in this Agreement and the Loan Documents.

3 . Estoppel; Waiver; Ratification and Release. For and in consideration of the maturity extension granted by Lender herein, Ten United States Dollars ($10.00) and other good and valuable consideration, receipt and sufficiency being acknowledged, Borrower, as evidenced by its signature below, agrees and acknowledges its unqualified and unconditional obligation for the Indebtedness without defense, affirmative defense, counterclaim, right of setoff or other impediment to collection, and the same, if existing, being expressly released and waived by Borrower in consideration for Lender entering into this Amendment.

4. **UCC**. Notwithstanding any provisions hereof or execution by Lender, this Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender should any lien searches or other confirmatory title information regarding the Collateral (to be provided at the expense of Borrower) reflect any default under the Loan or creation of any adverse claim or interest regarding the Collateral. In addition, Borrower authorizes Lender to file any and all initial, amendatory or continuation Uniform Commercial Code filings deemed necessary by Lender.

5. **Good Standing of Borrower**. Notwithstanding any provisions hereof or execution by Lender, this Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender in the event Borrower is not validly existing and under its state of formation at the time of execution of this Amendment.

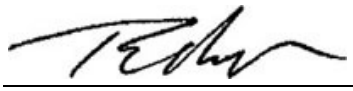
6. **No Further Modifications**. Except as expressly set forth above, the terms and provisions of the Loan Agreement shall remain in full force and effect.

[*Signatures appear on following page.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment this 3rd day of November, 2016, with an effective date of September 30, 2016.

BORROWER:

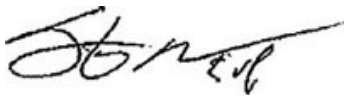
ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation



By: _____
Name: Robert O. Hopkins
Title: CFO

LENDER

BEAR STATE BANK, N.A.
a national banking association



By: _____
Name: Steve Moore
Title: Executive Vice President

Loan No. 500027990

DEPOSIT ACCOUNT, SECURITY AND CONTROL AGREEMENT

This **DEPOSIT ACCOUNT, SECURITY AND CONTROL AGREEMENT** ("Agreement") is entered into this 3rd day of November, 2016, with an effective date of September 30, 2016, by and between **ADAMIS PHARMACEUTICALS CORPORATION,** a Delaware corporation ("Borrower"), and **BEAR STATE BANK, N.A.,** a national banking association ("Lender").

RECITALS

A. Lender has agreed to loan to Borrower, pursuant to the terms and conditions of an Amendment to Loan and Security Agreement dated of even date herewith (the "Loan Agreement"), in the principal amount of Two Million and No/100 United States Dollars ($2,000,000.00) (the "Loan"), evidenced by that certain Line of Credit Promissory Note [Closed End Multiple Advance Note] dated March 28, 2106, executed by Borrower in favor of Lender in the aggregate principal amount of the Loan (the "Note"), secured by the Loan Agreement and all other documents related to the Loan shall sometimes be hereinafter collectively referred to as the "Loan Documents."

B. That for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower hereby agrees with Lender as follows:

1 . Definitions. All terms used in this Agreement which are defined in the Loan Agreement and not otherwise defined in this Agreement shall have the same meanings as set forth in the Loan Agreement.

2 . Grant of Security Interest. As collateral security for all of the Obligations (defined below), Borrower hereby pledges, grants, bargains, sells, conveys and assigns to Lender and grants to Lender a continuing security interest in the following (collectively, the "Collateral"):

(a) Certificate of Deposit number 3000028062 of Borrower held by Lender (as such account may be renumbered or retitled, the "Account"). All parties agree that the Account is a "deposit account" within the meaning of Article 9 of the Uniform Commercial Code of the State of Arkansas (the "UCC");

(b) All funds now or hereafter deposited or otherwise contained in the Account, including without limitation any interest accrued on funds now or hereafter existing at any time in the Account; and

(c) Any and all substitutions for, product of and proceeds of the above.

3 . Security for Obligations. The security interest created hereby in the Collateral constitutes continuing collateral security for all of the following obligations, whether now existing or hereafter incurred (the "Obligations"):

(a) The full and prompt payment when due of the indebtedness evidenced by the Note, and any and all renewals, modifications and extensions thereof, in whole or in part;

(b) The due performance and observance by Borrower of all of its covenants, agreements, warranties, representations, liabilities, obligations and undertakings as set forth herein, in the Loan Agreement, the Loan Documents, and any other document now or hereafter securing or evidencing the Loan, or in any other instrument or document which now or at any time hereafter evidences or secures all or any part of the Obligations hereby secured; and

(c) The prompt payment and performance of any and all other present and future indebtedness and obligations of Borrower to Lender of every kind, character and description, whether absolute or contingent, joint or several, matured or unmatured, direct or indirect, primary or secondary, and including without limitation all prior and future advances to Borrower, all liabilities of Borrower under any guaranty executed in favor of Lender at any time, and all obligations of Borrower with respect to any letters of credit issued at any time by Lender for the benefit of Borrower. Upon repayment of the Obligations, Lender agrees to release its lien on the Collateral.

4. Representations and Warranties. Borrower represents and warrants as follows:

(a) The Account is maintained by Lender, and the Collateral is under the exclusive control of Lender, in accordance with Ark. Code Ann. § 4-9-104.

(b) Borrower owns the Collateral free and clear of any lien, security interest or other charge or encumbrance solely except for the security interest created by this Agreement and any documents now or hereafter evidencing the Loan.

(c) The exercise by Lender of its rights and remedies hereunder will not contravene any law or governmental regulation or any contractual restriction binding on or affecting Borrower or any of Borrower's properties, and will not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to Borrower or any of Borrower's properties.

(d) No authorization or approval or other action by, and no notice to or filing with any governmental authority or other regulatory body is required either for the grant by Borrower of the security interest created hereby in the Collateral or for the exercise by Lender of its rights and remedies hereunder.

(e) This Agreement creates a valid presently conveyed security interest in favor of Lender in the Collateral, there being no agreement to delay attachment of such security interest, Control by Lender of the Collateral is in accordance with Ark. Code Ann. § 4-9-104, and such control shall perfect and establish the first priority of Lender's security interest hereunder in the Collateral pursuant to Ark. Code Ann. § 4-9-314, subject to no other liens, security interests, and encumbrances.

5. Covenants as to the Collateral. So long as any of the Obligations shall remain outstanding, unless Lender shall otherwise consent in writing:

(a) Further Assurances. Borrower shall, at Borrower's expense, at any time and from time to time, promptly execute and deliver all further instruments and documents and take all further action that Lender reasonably deems necessary or desirable or that Lender may reasonably request in order: (i) to protect the security interest created or purported to be created hereby; (ii) to enable Lender to exercise and enforce its rights and remedies hereunder with respect to the Collateral (or any part thereof); or (iii) to otherwise effect the purposes of this Agreement, including, without limitation, furnishing to Lender from time to time reports in connection with the Collateral as Lender may reasonably request, all in reasonable detail.

(b) Liens. Borrower shall not create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to the Collateral, except for the security interests created in favor of Lender.

(c) Compliance with Loan Documents. Borrower shall, at all times, comply with all covenants set forth in the Loan Documents.

6. Additional Provisions Concerning the Collateral.

(a) The Account is and shall remain in the name of Borrower and all amounts held in such account, including interest earnings thereon, shall be the property of the Borrower, subject to disbursement in accordance with this Agreement. Borrower agrees that it shall include in its income all interest and earnings on the funds deposited in the Account. The Account shall be assigned the federal tax identification number of Borrower.

(b) Upon and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Lender as the Borrower's attorney-in-fact and proxy, with full authority in the place and stead of Borrower and in the name of Borrower or otherwise, from time to time in Lender's discretion, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation: (i) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or with respect to the Collateral (or any part thereof); (ii) to receive, endorse and collect any checks, drafts or other instruments, documents and chattel paper in connection with clause (i); and (iii) to file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Lender with respect to any of the Collateral (or any part thereof). Borrower hereby ratifies and approves all acts of said attorney; and the attorney, so long as the attorney acts in good faith, shall have no liability to Borrower for any act or omission as such attorney.

(c) If Borrower fails to perform any agreement contained herein, Lender may perform or cause performance of such agreement or obligation, and the expenses of Lender incurred in connection therewith shall be payable by Borrower under Section 8 hereof, and shall be fully secured hereby.

(d) The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

(e) Anything herein to the contrary notwithstanding: (i) the exercise by Lender of any of its rights hereunder shall not release Borrower from any of Borrower's duties or obligations under the contracts and agreements included in or relating to the Collateral; and (ii) Lender shall not have any obligation or liability by reason of this Agreement under any contracts and agreements included in or relating to the Collateral, nor shall Lender be obligated to perform any of the obligations or duties of Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

7 . Events of Default. An Event of Default shall be deemed to have occurred hereunder upon the occurrence and continuance of an Event of Default under the Loan Documents.

8. Remedies Upon Default. If an Event of Default shall have occurred:

(a) Lender may exercise with respect to the Collateral (or any part thereof), in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code (the "Code") (whether or not the Code applies to the Collateral). Upon the occurrence of any Event of Default as specified herein, Lender is hereby authorized at any time and from time to time, without notice to Borrower to set off, appropriate, and apply any and all of the Collateral against any or all indebtedness of the Borrower to Lender.

(b) The Collateral held and hereafter under control of Lender shall be applied as follows:

(i) First, to the repayment of the reasonable costs and expenses, including reasonable attorneys' fees and legal expenses incurred by Lender in connection with: (A) the administration of this Agreement; (B) the custody or preservation of the Collateral; (C) the exercise or enforcement of any of the rights of Lender hereunder; or (D) the failure of Borrower to perform or observe any of the provisions hereof;

(ii) Second, at the option of Lender and in Lender's sole discretion, to the payment or other satisfaction of any liens and other encumbrances upon any of the Collateral;

(iii) Third, to the reimbursement of Lender for the amount of any obligations of Borrower paid or discharged by Lender pursuant to the provisions of this Agreement, and of any expenses of Lender payable by Borrower hereunder;

(iv) Fourth, to the satisfaction of the Obligations, in such order as Lender shall elect;

(v) Fifth, to the satisfaction of any other indebtedness of Borrower to Lender;

(vi) Sixth, the surplus, if any, to Borrower or to whomsoever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct.

(c) In the event the Collateral shall be insufficient to pay all amounts to which Lender is legally entitled, Borrower shall be liable for the deficiency, together with interest thereon at such rate(s) as shall be fixed by instruments evidencing the obligations with respect to which such deficiency exists, together with the costs of collection and the reasonable fees of any attorneys employed by Lender to collect such deficiency.

9 . Rights and Duties of Lender, Etc. Lender undertakes, as to this Agreement, to exercise only such duties as are specifically set forth in this Agreement and to exercise such of the rights, powers and remedies as are vested in it by this Agreement or by law. In any instance hereunder where Lender's approval or consent is required or the exercise of Lender's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of Lender, and Lender shall not, for any reason or to any extent, be required to grant such approval or consent or exercise such judgment. Lender may consult with counsel, and the written advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

10. Indemnity and Expenses.

(a) Borrower agrees to indemnify Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including without limitation enforcement of this Agreement), except claims, losses or liabilities resulting solely and directly from Lender's gross negligence or willful misconduct.

(b) Borrower shall, upon demand, pay to Lender the amount of any and all reasonable costs and expenses, including the fees and disbursements of Lender's counsel and of any experts and agents, which Lender may incur in connection with: (i) the administration of this Agreement; (ii) the custody or preservation of the Collateral; (iii) the exercise or enforcement of any of the rights of Lender hereunder; or (iv) the failure by Borrower to perform or observe any of the provisions hereof, except expenses resulting from Lender's gross negligence or willful misconduct.

11. Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be given and deemed received as set forth in the Loan Agreement.

12. Security Interest. Lender and Borrower agree this Agreement creates a valid presently conveyed security interest in favor of Lender in the Collateral, there being no agreement to delay attachment of such security interest. Control by Lender of the Collateral is in accordance with Ark. Code Ann. § 4-9-104, and such control shall perfect and establish the first priority of Lender's security interest hereunder in the Collateral pursuant to Ark. Code Ann. § 4-9-314, subject to no other liens, security interests, and encumbrances. All rights of Lender, all security interests and all Obligations of Borrower hereunder shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of the Loan Agreement, any guaranty or any other agreement or instrument relating thereto; (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations or any other amendment or waiver of or consent to any departure from this Agreement, the Loan Agreement, any guaranty or any other agreement or instrument relating thereto; (iii) any increase in, addition to, or exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Obligations; (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Borrower in respect of the Obligations or this Agreement; or (v) the absence of any action on the part of Lender to obtain payment or performance of the Obligations from Borrower or any other party.

13. Miscellaneous.

(a) No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by Borrower and Lender, and no waiver of any provision of this Agreement, and no consent to any departure by Borrower therefrom, shall be effective unless it is in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder or under any other instrument or document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of Lender provided herein and in the other instruments and documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Lender under the Loan Agreement, any guaranty, any other instrument which now or hereafter evidences or secures all or part of the Obligations, or any related document against any party thereto are not conditional or contingent on any attempt by Lender to exercise any of their rights under any other such instrument or document against such party or against any other party.

(c) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

(d) This Agreement shall create a continuing security interest in the Collateral and shall: (i) remain in full force and effect until the earlier of the disbursement of all funds from the Account and the termination of the duties and obligations of Borrower under the Loan Agreement, including the payment in full of the obligations; (ii) be binding on Borrower and Borrower's successors and permitted assigns and shall inure, together with all rights and remedies of Lender hereunder, to the benefit of Lender and its successors, transferees and assigns. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of Lender.

(e) This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas as preempted by applicable federal laws, without giving effect to conflict or choice of law principles. The provisions of this Section 13(e) shall control all other provisions hereof and of all agreements, whether now or hereafter existing and whether written or oral, between Borrower and Lender or any other person liable for the indebtedness secured hereby.

(g) The captions or headings of the Sections of this Agreement are inserted merely for convenience of reference and shall not be deemed to limit or modify the terms and provisions hereof.

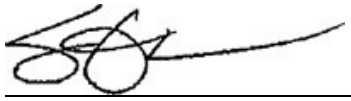
[Signature page follows]

[SIGNATURE PAGE FOR DEPOSIT ACCOUNT, SECURITY AND CONTROL AGREEMENT DATED NOVEMBER 3, 2016, WITH AN EFFECTIVE DATE OF SEPTEMBER 30, 2016]

IN WITNESS WHEREOF, Lender has executed and delivered this Deposit Account, Security and Control Agreement (or caused the execution and delivery of this Agreement by its duly authorized officers) on the date first above written.

LENDER:

BEAR STATE BANK, N.A.,
a national banking association



By: _____
Name: Steve Moore
Title: Executive Vice President

[SIGNATURE PAGE FOR DEPOSIT ACCOUNT, SECURITY AND CONTROL AGREEMENT DATED NOVEMBER 3, 2016, WITH AN EFFECTIVE DATE OF SEPTEMBER 30, 2016]

IN WITNESS WHEREOF, Borrower has executed and delivered this Deposit Account, Security and Control Agreement (or caused the execution and delivery of this Agreement by its duly authorized officers) on the date first above written.

BORROWER:

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

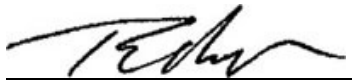
By: 
Name: Robert O. Hopkins
Title: CFO

Exhibit 10.64

Loan No. 5000028497

SEPTEMBER 2016 AMENDMENT TO COMMERCIAL LINE OF CREDIT AGREEMENT AND NOTE

THIS SEPTEMBER 2016 AMENDMENT TO COMMERCIAL LINE OF CREDIT AGREEMENT AND NOTE (the "Amendment") is entered into this 3rd day of November, 2016, with an effective date of September 30, 2016, by and among **BEAR STATE BANK, N.A.**, a national banking association and successor in interest to First Federal Bank, its successors and assigns ("Lender"), **US COMPOUNDING, INC.**, an Arkansas corporation ("Borrower"), **EDDIE GLOVER**, an individual, and **KRISTEN RIDDLE**, an individual (collectively the "Guarantors")(Borrower and Guarantors may be collectively referred to as the "Loan Parties").

WHEREAS, on July 14, 2014, Lender extended a line of credit to Borrower, in the initial amount of Two Million Five Hundred Thousand and No/100 United States Dollars ($2,500,000.00) (the "Loan"), as set forth in that certain Commercial Line of Credit Agreement and Note by and between Lender and Borrower (tile "Loan Agreement"); and

WHEREAS, such indebtedness pursuant to the Loan Agreement is secured by that certain Commercial Security Agreement by and between Lender and Borrower, dated July 14, 2014, covering Borrower's Receivables and Inventory and other property described therein;

WHEREAS, Adamis entered into a merger transaction with Borrower (the "Merger"), pursuant to that certain Agreement and Plan of Merger dated as of March 28, 2016.

WHEREAS, in connection with the Merger, the Lender has requested that the Loan Parties enter into this Amendment to evidence the following:

(a) The addition of Adamis as a borrower to the Loan, whereby Adamis shall have, effective as of the date of this Amendment, all rights, duties, liabilities and obligations under the Loan Agreement, and the acceptance and assumption of such rights, duties, liabilities and obligations by Adamis; and

(b) The continuation, except as noted below, of each of the Loan Parties' rights, duties, liabilities and obligations under the Loan Documents [need to define] as a coborrower, notwithstanding the acceptance and assumption of such rights, duties, liabilities and obligation by Adamis.

WHEREAS, Borrower and Lender desire the Loan Agreement be amended as set forth in this Amendment, but that all other terms, conditions, and provisions of the Loan Agreement remain in full force and effect solely except as set forth in this Amendment;

WHEREAS, Borrower and Guarantors, jointly and severally, hereby intend to and by execution hereof ratify, and affirm Borrower and Guarantors' unqualified and unconditional, joint and several liability on all indebtedness of the Loan, described within the Loan Agreement, as amended, and acknowledges, agrees, warrants and represents the Loan has a present unpaid principal balance (as of October 31, 2016) of Two Million Five Hundred Thousand and No/100 United States Dollars ($2,500,000.00);

NOW, THEREFORE, for and in consideration of Lender's agreement to the amendments set forth in this Amendment and the covenants, warranties and representations of Borrower contained herein, Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, it is agreed as follows:

AGREEMENTS

The recitals set forth above are not mere recitals of fact but are contractual in nature and are intended by the parties to be incorporated into this Amendment by reference, except in the event of a conflict between the incorporated recitals and the numbered sections of this Amendment, the numbered sections of this Amendment shall control. Terms and provisions which are not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement.

1. **Maturity Date**. The Maturity Date as set forth in the Loan Agreement shall be amended and extended to September 30, 2017.

2 . Addition of Adamis as Co-Borrower under the Loan Agreement. Effective as of the date hereof, without the necessity of further documentation by the parties hereto, the Loan Agreement shall be deemed to be amended to add Adamis as a co-borrower under the Loan, with the intention that, pursuant to such amendment, Adamis shall assume responsibility as borrower for all obligations, duties and liabilities under the Loan Agreement, jointly and severally with the current borrower or borrowers under the Loan. Notwithstanding the foregoing, the parties expressly agree each of the Loan Parties shall remain, as applicable, a co-borrower or guarantor under the Loan Agreement as set forth immediately prior to execution of this Amendment, and accordingly: (a) each of the Loan Parties' rights under the Loan Agreement shall not be affected, nor shall they be relieved of their obligations, duties and liabilities thereunder, and (b) each of the Loan Parties shall continue to be bound by all of the terms, provisions and conditions contained in the Loan Agreement. Effective as of the date of this Amendment, the term "Borrower" shall mean collectively USG and Adamis.

3 . Assumption. Effective as of the date of this Amendment, Adamis hereby accepts the foregoing assumption of rights, obligations, duties and liabilities and assumes and agrees to pay and to perform, jointly and severally with each of the Loan Parties (as applicable) all of the obligations, duties and liabilities as an original borrower under the Loan Agreement, whether accruing on or after the date hereof, and further agrees that Adamis shall hereafter be bound by all of the terms, provisions and conditions contained in the Loan Agreement. Notwithstanding the foregoing assumption by Adamis, each respective security agreement or security interest issued in connection with the Loan will apply only to the assets of the entity named therein.

4 . **Financial and Other Covenants.** Borrower shall, at all times during the terns of this Loan, maintain a Cash Flow Coverage Ratio of not less than 1.20: 1. For the proposes of this Section 5, "Cash Flow Coverage Ratio" shall mean: (i) the product of the net income plus non-cash expense items including, but not limited to, depreciation expense, amortization expense and stock option compensation expense) for the month in which the measurement date occurs times 1 2; divided by (ii) the projected cash required for payments of interest for the prospective twelve (12) month period and current maturities of principal on all outstanding debt to any person or entity, including without limitation debt by Borrower to Lender. The Cash Flow Coverage Ratio shall be measured on the last day of each December, March, June and September, commencing on December 31, 2016. In lieu of compliance with the foregoing covenant, Borrower shall have the option, at the time of each quarterly measuring period, of making a principal reduction in the amount of Two Hundred Fifty Thousand and No/100 United States Dollars ($250,000.00). Borrower and Lender agree all other financial covenants with respect to the (A) Business Loan Agreement (as modified, amended or supplemented, the "4 HIMS Loan Agreement") dated as of August 8, 2014, entered into by and between 4 HIMS, as borrower, and Lender, the sections of such agreement and provisions entitled or related to (i) Business Existence and Operations, (ii) Fixed Charge Coverage Ratio, and (iii) No Borrowings or Guarantees; (B) Business Loan Agreement (as modified, amended or supplemented, the "Tribute Loan Agreement") dated as of March 21, 2014, entered into by and between Tribute, as borrower, and Lender, the sections of such agreement and provisions entitled or related to Borrower Performance; (C) Business Loan Agreement (as modified, amended or supplemented, the "USC Working Capital Loan Agreement") dated as of July 14, 2014, entered into by and between USC, as borrower, and Lender and that Business Loan Agreement (as modified, amended or supplemented, the "USC Equipment Loan Agreement") dated as of July 14, 2014, entered into by and between USC, as borrower, and Lender, the sections of such agreement and provisions entitled or related to (i) Fixed Charge Coverage Ratio, (ii) Funded Debt to EBITDA Ratio, (iii) No Borrowings or Guarantees, (iv) Quarterly Trend Analysis, and (v) Owner Buyout Note covenants; and (D) the Loan Agreement or the Note shall be waived for the remainder of the term of the Loan.

5 . **Estoppel; Waiver; Ratification and Release.** For and in consideration of the maturity extension granted by Lender herein, Ten United States Dollars ($10.00) and other good and valuable consideration, receipt and sufficiency being acknowledged, Borrower and Guarantors, as evidenced by their respective signatures below, agree and acknowledge unqualified and unconditional obligation for the Indebtedness without defense, affirmative defense, counterclaim, right of setoff or other impediment to collection, and the same, if existing, being expressly released and waived by Borrower and Guarantors in consideration for Lender entering into this Amendment.

6 . **UCC**. Notwithstanding any provisions hereof or execution by Lender, this Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender should any lien searches or other confirmatory title information regarding the Collateral (to be provided at the expense of Borrower) reflect any default under the Loan or creation of any adverse claim or interest regarding the Collateral. In addition, Borrower authorizes Lender to file any and all initial, amendatory or continuation Uniform Commercial Code filings deemed necessary by Lender, without necessity of consent by Borrower.

7 . **Good Standing of Borrower**. Notwithstanding any provisions hereof or execution by Lender, this Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender in the event Borrower is not validly existing and under its state, of formation at the time of execution of this Amendment.

8. **No Further Modifications**. Except as expressly set forth above, the terms and provisions of the Loan Agreement shall remain in full force and effect.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment this 3rd day of November, 2016, with an effective date of September 30, 2016.

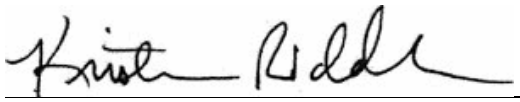
BORROWER:

US COMPOUNDING, INC.,
an Arkansas corporation

By: 
Name: Eddie Glover
Title: CEO

GUARANTORS:


EDDIE GLOVER, individually


KRISTEN RIDDLE, individually

LENDER:

BEAR STATE BANK, N.A.
a national banking association


By:
Name: Steve Moore
Title: Executive Vice President

ALLONGE
Loan No. 5000028497

Allonge to Commercial Line of Credit Agreement dated July 14, 2014, in the original principal amount of Two Million Five Hundred Thousand and No/100 United States Dollars ($2,500,000.00) (the "Note"), made by **US COMPOUNDING,** an Arkansas corporation ("Maker"), in favor of **BEAR STATE BANK, N.A.,** a national banking association ("Holder"). For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Maker and Holder agree as follows:

The parties agree as follows:

1. Maker hereby assigns all of its interest and obligations in the Note to **US COMPOUNDING,** an Arkansas corporation, and **ADAMIS PHARMACEUTICALS CORPORATION,** a Delaware corporation, jointly and severally.

2. This Allonge shall be and remain attached to and shall constitute an integral part of the Note from and after the date hereof.

3. All references in the Note to the term "Note" shall mean the Note as amended by this Allonge.

4. The current outstanding principal balance of the Note is Two Million Five Hundred Thousand and No/100 United States Dollars ($2,500,000.00).

5. The maturity date under the Note is September 30, 2017.

6. This Allonge shall be an amendment to and not a cancellation or satisfaction of the Note. Except as modified hereby, all of the terms and provisions of the Note are hereby ratified and affirmed.

[*Signature Page to Follow*]

Signature Page
ALLONGE

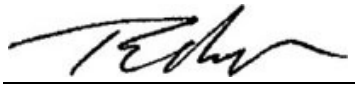
Dated: November 3, 2016.

MAKER:

US COMPOUNDING, INC.,
an Arkansas corporation

By: 
Name: Eddie Glover
Title: CEO

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: 
Name: Robert O. Hopkins
Title: CFO

ACKNOWLEDGED AND AGREED TO BY HOLDER:

BEAR STATE BANK, N.A.,
a national banking association

By: 
Name: Steve Moore
Title: Executive Vice President
Date:

Exhibit 10.65

LOAN RELEASE AGREEMENT

THIS LOAN RELEASE AGREEMENT (this "Agreement") is made and entered into as of November 14, 2016 (the "Agreement Date"), by and among **4 HIMS, LLC**, an Arkansas limited liability company ("4 HIMS"), **TRIBUTE LABS, LLC**, a Nevada limited liability company ("Tribute"), **U.S. COMPOUNDING, INC.**, an Arkansas corporation ("USC"); **EDDIE GLOVER**, an individual; **WILLIAM L. SPARKS**, an individual; **SAM GLOVER**, an individual; **RUSTY WOOTEN**, an individual; **STUART BURKE**, an individual; and **KRISTEN RIDDLE**, an individual (collectively, the "Individual Guarantors"); **ADAMIS PHARMACEUTICALS CORPORATION**, a Delaware corporation ("Adamis"); and **BEAR STATE BANK**, **INC.**, a national banking association ("Bank").

BACKGROUND

A. Pursuant to that certain Business Loan Agreement (as modified, amended or supplemented, the "**4 HIMS Loan Agreement**") dated as of August 8, 2014, entered into by and between 4 HIMS, as borrower, and Bank, as lender, Bank agreed to make a loan, Loan No. 5500000152 (the "**4 HIMS Loan**") to 4 HIMS in the initial principal amount of up to Two Million Five Hundred Eight-Six Thousand Eight Hundred Ninety-Two and 09/100 Dollars ($2,586,892.09). The 4 HIMS Loan is evidenced by that certain Commercial Promissory Note (as modified, amended or supplemented, the "**4 HIMS Note**") dated as of August 8, 2014, executed by 4 HIMS in favor of Bank. The 4 HIMS Note is secured by, among other things, that certain Commercial Real Estate Mortgage (as modified, amended or supplemented, the "**4 HIMS Mortgage**") dated as of August 8, 2014, executed by 4 RIMS in favor of Bank and recorded in the Official Records of Faulkner County as Doc #2014-11418, encumbering certain real property more particularly described in the 4 HIMS Mortgage. In connection with the 4 HIMS Loan, 4 HIMS also entered into certain other agreements and instruments, (the 4 HIMS Loan Agreement, the 4 HIMS Note, the 4 HIMS Mortgage, the 4 HIMS Guaranties and all other documents executed in connection with the 4 HIMS Loan, all as previously modified, amended or supplemented, collectively referred herein as the "**4 HIMS Loan Documents**"). Certain of the Individual Guarantors and USC guaranteed repayment of the 4 HIMS Loan pursuant to those certain documents each titled Guaranty of Specific Transaction (such guaranties by the Individual Guarantors and USC, as may be modified, amended or supplemented, referred to as the "**4 HIMS Guaranties**") dated as of August 8, 2014, entered into by each of them for the benefit of Bank.

B. Pursuant to that certain Business Loan Agreement (as modified, amended or supplemented, the "**Tribute Loan Agreement**") dated as of March 21, 2014, entered into by and between Tribute, as borrower, and Bank, as lender, Bank agreed to make a loan, Loan No. 55000024132 (the "**Tribute Loan**") to Tribute in the initial principal amount of Five Hundred Eighteen Thousand Two Hundred Thirty-Three and 24/100 United States Dollars ($518,233.24). The Tribute Loan is evidenced by that certain Commercial Promissory Note (as modified, amended or supplemented, the "**Tribute Note**") dated as of March 21, 2014, executed by Tribute in favor of Bank (the Tribute Loan Agreement, the Tribute Note, the Tribute Guaranties and all other documents executed in connection with the Tribute Loan, all as previously modified, amended or supplemented, collectively referred herein as the "**Tribute Loan Documents**"). Certain of the Individual Guarantors guaranteed repayment of the Tribute Loan pursuant to those certain documents titled Guaranty of Specific Transaction (such guaranties by the Individual Guarantors, as may be modified, amended or supplemented, referred to as the "**Tribute Guaranties**") dated as of March 21, 2014, entered into by each of them for the benefit of Bank.

C. Pursuant to that certain Business Loan Agreement (as modified, amended or supplemented, the "**USC Equipment Loan Agreement**") dated as of July 14, 2014, entered into by and between USC, as borrower, and Bank, as lender (the "**USC Equipment Loan**") Bank agreed to make a loan to USC in the initial principal amount of One Million and No 100 Dollars ($1,000,000.00). The USC Equipment Loan is evidenced by that certain Commercial Line of Credit Renewal Agreement and Note (as modified, amended or supplemented, the "**USC Equipment Note**") dated as of July 14, 2014, executed by USC in favor of Bank. The USC Equipment Loan is secured by, among other things, a first priority security interest in all equipment of USC, pursuant to that certain Commercial Security Agreement between USC and the Bank (the "**USC Equipment Security Agreement**") (the collateral referenced in the USC Equipment Security Agreement and any other real or personal property, if any, securing the USC Equipment Loan collectively referred to herein as the **USC Equipment Property**"). In connection with the USC Equipment Loan, USC also entered into certain other agreements and instruments, (the USC Equipment Loan Agreement, the USC Equipment Note and all other documents executed in connection with the USC Equipment Loan, all as previously modified, amended or supplemented, collectively referred herein as the "**USC Equipment Loan Documents**"). Certain of the Individual Guarantors guaranteed repayment of the USC Working Capital Loan pursuant to those certain documents titled Guaranty of Specific Transaction (such guarantees by such Individual Guarantors, as may be modified, amended or supplemented, referred to as the "**USC Equipment Guarantees**") dated as of July 14, 2014, entered into by each of them for the benefit of Bank.

D. For purposes of this Agreement, the 4 HIMS Loan, the USC Equipment Loan and the Tribute Loan are collectively hereinafter referred to as the "**Loans**" and the 4 HIMS Loan Documents and the Tribute Loan Documents are collectively hereinafter referred to as the "**Loan Documents**."

E. Adamis has entered into a merger transaction with USC (the "**Merger**"), pursuant to that certain Agreement and Plan of Merger dated as of March 28, 2016 (the "**Merger Agreement**"). In connection with the Merger Agreement, Tribute has previously transferred certain property, including without limitation all property of Tribute which is collateral and security for the Tribute Loan, to USC. Therefore, in connection with the Merger and effective as of the closing of the transfer of the real property secured by the 4 HIMS Mortgage from 4 HIMS to Adamis (the "Real Property Transfer"), as contemplated by the Merger Agreement, the Bank wishes to release 4 HIMS, Tribute and the Individual Guarantors from their respective obligations under the Loans and the Loan Documents.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Release.

(a) Effective upon the closing of the Real Property Transfer, the Bank does hereby fully, completely, unconditionally, irrevocably, jointly and severally release 4 HIMS, Tribute and each of the Individual Guarantors from any obligations, liabilities, causes of action, judgments, executions, suits, debts, claims, demands, damages, and expenses of any and every kind or nature, whether heretofore or hereafter arising, for or because of any matter or thing done, omitted, or suffered to be done by 4 HIMS, Tribute or any of the Individual Guarantors prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to the Loans or the Loan Documents.

(b) 4 HIMS, Tribute and the Individual Guarantors unconditionally, irrevocably, jointly and severally release the Bank, its respective past, present or future affiliates, subsidiaries, holding company, owners, officers, directors, shareholders, employees, agents, independent contractors, attorneys, or other persons or entities employed or engaged by or affiliated with the Bank, in addition to any purchaser of all or a portion of any of the Loans and current or future owners of participation in the Loans (collectively, the "Released Parties") (whether signatory hereto or not, and if not a party to this Agreement, being an intended (and not incidental) third party beneficiary hereof) from any causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages, and expenses of any and every kind or nature, whether heretofore or hereafter arising, for or because of any matter or thing done, omitted, or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Agreement, the Loans and the Loan Documents. The provisions of this Section 1 (b) and the remainder of this Agreement shall inure to the Bank and also run in favor of and inure to the maximum extent permitted by law to intended (and not incidental) third-party beneficiaries, which 4 HIMS, Tribute and the Individual Guarantors agree shall include, without limitation, the Released Parties.

2 . No Impairment; Forbearance Not a Waiver. Except as expressly set forth in this Agreement, the terms and provisions set forth in the Loan Documents, all of which are incorporated herein, are unmodified and shall remain in full force and effect as between the Bank, Adamis and USC, such parties hereby ratifying and confirming such terms and provisions and this Agreement shall not be deemed to or shall in any manner prejudice or impair, or act as a release or relinquishment of, any of the Loan Documents or any rights of the Bank under the Loan Documents, or any lien, security interest or assignment granted to or held by the Bank in connection with the Loans. The execution of this Agreement by the Bank does not constitute a waiver, limitation, or modification of any of the Bank's rights or remedies under the Loan Documents or applicable law, all of which Bank hereby expressly reserves, nor shall the same constitute a waiver of any default which may have heretofore occurred or which may hereafter occur with respect to the Loan Documents. No omission or failure by the Bank to exercise, and no delay in exercising, any right or remedy hereunder or under the Loan Documents executed in connection herewith shall operate as a waiver of any right or remedy, which the Bank may have hereunder or under any applicable law. All rights and remedies shall be cumulative and may be exercised concurrently or consecutively. No single or partial exercise by the Bank of any right or remedy shall preclude the concurrent or subsequent exercise of any right or remedy.

3. General Provisions.

3.1 Continuing Force and Effect. Except as modified hereby, all of the terms and provisions of the Loan Documents will remain in full force and effect.

3.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto as well as their respective heirs, executors, administrators, successors and permitted assigns.

3.3 Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, without reference to conflicts of laws principles.

3.4 Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings or communications. This Agreement may not be amended or modified, except by a written agreement signed by each of the parties hereto (with such applicability determined under each of the Loan Documents) and Bank.

3.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Agreement Date.

4 HIMS:

4 HIMS, LLC,
an Arkansas limited liability company

By: 
[Signature]

Eddie Glover
[Print Name]

Partner
[Title]

TRIBUTE:

TRIBUTE LABS, LLC,
a Nevada limited liability company

By: 
[Signature]

Eddie Glover
[Print Name]

Partner
[Title]

USC:

U.S. COMPOUNDING, INC.,
an Arkansas corporation

By: 
[Signature]

Eddie Glover
[Print Name]

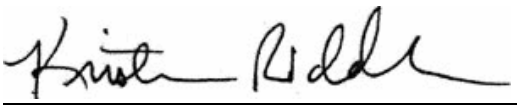
CEO
[Title]

[INDIVIDUAL GUARANTORS SIGNATURE PAGE FOLLOWS]

INDIVIDUAL GUARANTORS:

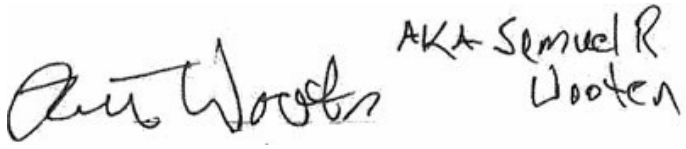
EDDIE GLOVER, an individual

WILLIAM L. SPARKS, an individual



KRISTEN RIDDLE, an individual

SAM GLOVER, an individual



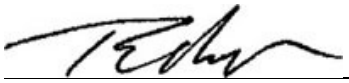
RUSTY WOOTEN, an individual

STUART BURKE, an individual

[ADAMIS SIGNATURE PAGE FOLLOWS]

ADAMIS:

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: 
[Signature]

Robert O. Hopkins
[Print Name]

CFO
[Title]

[BANK SIGNATURE PAGE FOLLOWS]

BANK:

BEAR STATE BANK, INC,
a national banking association

By: /s/ STEVE MOORE
[Signature]

Steve Moore
[Print Name]

Executive Vice President
[Title]

Exhibit 10.80

ADAMIS PHARMACEUTICALS CORPORATION
2017 BONUS PLAN

* Excludes those covered under the Field Sales Incentive Plans

Adamis Pharmaceuticals Corporation
2017 Bonus Plan

The Adamis Pharmaceuticals Corporation ("Adamis" or the "Company") 2017 Bonus Plan (the "Plan") is designed to offer employees a performance based plan that rewards the achievement of corporate goals, as well as individual goals that are consistent with the corporate goals.

Purpose of the Plan

The Plan is designed to:

- Provide a bonus program that helps achieve overall corporate goals and enhances shareholder value
- Reward individuals for achievement of corporate and individual goals
- Encourage teamwork among all disciplines within the Company
- Offer an attractive bonus program to help attract and retain key employees

Plan Governance

The Compensation Committee of the Board of Directors (the "Committee") is responsible for reviewing and approving the Plan and any proposed modifications to the Plan. The President and CEO of Adamis is responsible for administration of the Plan; provided that the Committee is responsible for reviewing and approving all compensation, including compensation under this Plan, for all officers, vice presidents, executive directors and any other employees with an annual base salary greater than or equal to $250,000.

Eligibility

All regular employees of the Company who are regularly scheduled to work at least 20 hours per week will be eligible to participate in the Plan, other than any employee eligible to participate in the Company's Field Sales Incentive Plans. Temporary employees and part-time employees (who are regularly scheduled to work less than 20 hours per week) are not included in this Plan. In order to be eligible to receive any bonus award (or "Bonus") under this Plan, a participant: (a) must have commenced their employment with the Company prior to October 1, 2017 and remained continuously employed through December 31, 2017 and until the time Bonuses are paid; and (b) must be an employee in good standing (e.g., not on a performance improvement plan as of December 31, 2017 or an Unacceptable performer as determined during the 2017 review cycle), as determined by the Committee or the President and CEO of Adamis, as applicable in their sole discretion. Employees joining during the bonus plan year will have their actual bonus amount prorated based on their actual time with the Company during the Plan year.

A participant whose employment terminates voluntarily prior to the payment of a Bonus award will not be eligible to receive a Bonus award. Continued employment is a condition of payout for the plan. If a participant's employment is terminated involuntarily during the Plan year, or prior to payment of Bonus awards, it will be at the absolute discretion of the Company whether or not a Bonus award payment is made.

Corporate and Individual Performance

The President and CEO will present to the Committee a list of the overall corporate goals for the Plan year, which is subject to approval by both the Committee and (if different) the independent members of the Board of Directors. All participants in the Plan will then develop a list of key individual goals, which will be subject to approval by their manager and used for the basis of the performance review and individual performance rating.

The total bonus pool for the Plan will be based on achievement of the 2017 corporate goals and, where applicable, the individual's annual performance review rating.

Notwithstanding anything else in this Plan, including without limitation the weighting factors, target bonus percentages or goal multipliers described elsewhere in this Plan, the Committee or the President and/or CEO of the Company may, in their discretion, develop and specify different corporate goals, individual performance goals, weighting factors, target bonus percentages and/or goal multipliers that will apply to one or more officers or employees of the Company and that may differ from those developed and specified for other officers or employees, including officers or employees within similar Groups.

Bonus Awards

The Bonus will be paid in cash and is based on achievement of the 2017 corporate goals and achievement of individual goals. The Bonus will be calculated by using the base salary as of December 31, 2017, weighting factor, target bonus percentage, and goal multipliers as identified below:

Weighting Factor

The relative weight between the corporate and individual Bonus components will vary based on levels within the organization. The weighting factors will be reviewed annually and adjusted, as necessary or appropriate. The weighting for 2017 will be as follows (subject to the authority of the Committee and the President or CEO to specify different relative weighting factors in individual cases):

Position	Corporate	Individual
President and CEO	100%	
Group K (EVP Level Officer)	100%	
Group J (SVP Officers)	100%	
Group I (Non-Officer VPs)	80%	20%
Group H (Executive Directors)	80%	20%
Group G (Senior Directors)	80%	20%
Group F (Directors)	80%	20%
Group E (Senior Managers)	60%	40%
Group D (Managers)	60%	40%
Group C	40%	60%
Group A & B	20%	80%

Target Bonus Percentages

Bonus amounts will be determined by applying a "target bonus percentage" to the base salary of employees in the Plan. Following are the 2017 target bonus percentages (subject to the authority of the Committee and the President or CEO to specify different relative target bonus percentages in individual cases):

Position	Target Bonus Percentages
President and CEO	50%
Group K	45%
Group J	40%
Group I	30%
Group H	25%
Group G	20%
Group F	17%
Group E	15%
Group D	12%
Group C	10%
Group B	10%
Group A	10%

The base salary as of December 31, 2017 times the target bonus percentage will be used to establish the target Bonus amount for the 2017 year.

Goal Multipliers

Corporate Goal Multiplier: The following scale will be used by the Committee and (if applicable) the independent members of the Board of Directors to determine the "total corporate goal multiplier" based upon measurement of actual corporate performance versus the pre-established corporate goals. The Committee will evaluate each corporate goal as follows (subject to the authority of the Committee and the President or CEO to specify different goal multipliers in individual cases):

Performance Category	Goal Multiplier
1. Performance for the year significantly exceeded the goal or was excellent in view of prevailing conditions	100-150%
2. Performance fully met the year's goal or is considered achieved in view of prevailing conditions	100%
3. Performance for the year met some aspects of the goal but not all or met most aspects in view of prevailing conditions	40-100%
4. Performance for the year was significantly less than the goal (i.e., below 40%)	0%

Each goal is evaluated separately, weighting applied and a total corporate goal multiplier is reached. A total corporate goal multiplier of at least 40% is required prior to any payout of Bonuses under the Plan (provided, however, that the Committee shall retain the discretion to determine otherwise and to approve payouts based on a multiplier of less than 40%), and the total corporate goal multiplier may not exceed 150%.

Individual Goal Multiplier: The "individual goal multiplier" will be determined by taking into account the performance rating (Outstanding, Exceeds, Meets, Fair, etc.) given to the individual through the 2017 review cycle as well as any other relevant criteria relating to the individual's job performance during 2017.

Calculation of Bonus Amount

The example below shows a sample Bonus amount calculation under the Plan. First, a target Bonus amount is calculated for each Plan participant by multiplying the employee's base salary by the target bonus percentage. This dollar figure is then divided between the corporate component and the individual component based on the weighting factor for that position. This calculation establishes specific dollar target Bonus amounts for the performance period for each of the corporate and individual components.

At the end of the performance period, corporate and individual goal multipliers will be established using the criteria described above. The corporate goal multiplier, which is based on overall corporate performance, is used to calculate the corporate component of the Bonus amount for all Plan participants. This is accomplished by multiplying the target corporate Bonus amount established for each individual by the total corporate goal multiplier. The individual goal multiplier, which is based on an individual's performance rating, is used in the same way to calculate the actual individual component of the Bonus amount.

Example: Actual Bonus Amount Calculation	
Group Level	B
Position	Executive Assistant
Base Salary as of December 31	$50,000
Target Bonus Percentage	10%
Performance Rating	Exceeds
Target Bonus Amount	$5,000
Target Bonus Components:	
Target Bonus Amount based on corporate performance (20%)	$1,000
Target Bonus Amount based on individual performance (80%)	$4,000
Corporate Goal Multiplier	80%
Individual Goal Multiplier	105%
Actual Bonus Amount Calculation:	
Corporate Bonus Amount	$800 ($1,000 x 80%)
Individual Bonus Amount	$4,200 ($4,000 x 105%)
Actual Cash Bonus Amount	$5,000

Payment of the Bonus Amounts

Annual performance reviews for Plan participants will be completed by January 31, 2018 or as soon thereafter as practicable. Payments of actual Bonus amounts will be made as soon as practical, but not later than March 15, 2018. Participants' entitlement to Bonuses under this Plan does not occur until the Bonuses are actually paid. This plan is not intended to be subject to Section 409A of the Internal Revenue Code of 1986, as amended.

Company's Absolute Right to Alter or Abolish the Plan

The Committee reserves the right in its absolute discretion to terminate and/or abolish all or any portion of the Plan at any time or to alter the terms and conditions under which a Bonus will be paid. In the event of the Plan's termination prior to the payment of a Bonus, such Bonus will not be payable under this Plan. Such discretion may be exercised any time before, during, and after the Plan year is completed. No participant shall have any right to receive any payment until actual delivery of such compensation. Notwithstanding the generality of the foregoing, at the Company's discretion, and subject to compliance in all events with, and if and only if permitted by, applicable federal and state securities laws and the listing rules and requirements of any stock exchange or trading market on which the Company's common stock is listed or traded, all or a portion of a Bonus payment may be made in vested shares of the Company's common stock. No payment in stock or other equity under this Plan may be made if such issuance or payment would conflict with any such securities laws or listing rules or requirements.

The Committee, in its discretion, may also determine whether to increase the payout under the Plan for extraordinary achievement or to reduce payout if economic and business conditions warrant such action.

Employment Duration/Employment Relationship

This Plan does not, and the Company's policies and practices in administering this Plan do not, constitute an express or implied contract or other agreement concerning the duration of any participant's employment with the Company. The employment relationship of each participant is "at will" and may be terminated at any time by the Company or by the participant with or without cause.

Exhibit 10.81

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("***Agreement***") is dated as of March 28, 2016 (the "***Effective Date***") and is entered into by and between **US Compounding, Inc.**, an Arkansas corporation ("***Company***" or "***USC***"), and Eddie Glover ("***Executive***").

RECITALS

A. Executive is currently employed by the Company as an officer of the Company.

B. The Company, Adamis Pharmaceuticals Corporation ("***APC***" or "***Parent***") and Ursula MergerSub Corp. ("***Merger Sub***"), among other parties, have entered into an Agreement and Plan of Merger dated March 28, 2016 ("***Merger Agreement***"), pursuant to which at the Closing of the transactions contemplated by the Merger Agreement and the effective time of the merger (the "***Effective Time***"), Merger Sub will merge with and into USC, and USC will be the surviving corporation in the merger and will become a wholly-owned subsidiary of APC (the "***Merger***").

C. The Company desires to continue to employ Executive in the capacity hereinafter stated, and the Executive desires to continue in the employ of the Company in such capacity for the period and with the terms and conditions set forth herein.

D. This Agreement shall supersede and completely replace any prior employment agreement between Executive and the Company, as of the Effective Date.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the covenants set forth in this Agreement and for other valuable consideration, the parties hereby agree as follows:

1. **Employment.** Effective as of the Effective Time, the Company hereby employs Executive as Chief Executive Officer of the Company, assigned with duties and responsibilities customary for such position and such other duties and responsibilities that may be reasonably designated by the Board of Directors of the Company (the "***Board***"). Executive shall report to the chief executive officer of Parent. Executive agrees to comply with policies set by the Board and/or by the board of directors of Parent, or other Parent policies that are applicable to Executive as an employee of a subsidiary of Parent. Executive hereby accepts such employment and agrees to devote such time and energies as appropriate to fulfill all responsibilities to the Company. Executive agrees to use Executive's best efforts to perform Executive's duties under this Agreement in a conscientious, reasonable and competent manner, and to devote Executive's full working time and efforts to the business of the Company. Executive shall be employed at will.

2. **Compensation.** In consideration for all services rendered by Executive under this Agreement, Executive shall receive the compensation described in this Section 2. All such compensation shall be paid subject to appropriate tax withholding and similar deductions.

(a) **Salary.** Executive shall be paid an initial annual salary of $300,000, payable in equal installments in accordance with the Company's normal salary and wages practices, but not less than 24 increments annually.

(b) **Executive Benefit and Incentive Compensation Plans.** During employment hereunder, Executive shall be entitled to receive those benefits which are routinely made available to executive officers of the Company, including participation in any profit sharing plan, incentive compensation or bonus plan, retirement plan, Company-provided life insurance or medical insurance, or similar executive benefit plans maintained or sponsored by the Company. Executive shall also be entitled to receive discretionary bonuses as may be determined by the Board. Executive shall also be entitled to receive equity awards under Parent's equity incentive plans.

(c) **Expense Reimbursement.** The Company shall promptly reimburse Executive for all reasonable expenses necessarily incurred during conduct of Company business, and for which adequate documentation is presented, but in no event later than December 31 of the year following the year in which the expense was incurred. Furthermore, if any reimbursements or in-kind benefits provided by the Company pursuant to this Agreement would constitute deferred compensation for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "***Code***"), such reimbursements or in-kind benefits shall be subject to the following rules: (i) the amounts to be reimbursed, or the in-kind benefits to be provided, shall be determined pursuant to the terms of the applicable benefit plan, policy or agreement and shall be limited to Executive's lifetime and the lifetime of Executive's eligible dependents; (ii) the amounts eligible for reimbursement, or the in-kind benefits provided, during any calendar year may not affect the expenses eligible for reimbursement, or the in-kind benefits provided, in any other calendar year; (iii) any reimbursement of an eligible expense shall be made on or before the earlier of (A) the last day of the calendar month following the calendar month in which the expense report and any required documentation were submitted, or (B) the last day of the calendar year following the calendar year in which the expense was incurred; and (iv) Executive's right to an in-kind benefit or reimbursement is not subject to liquidation or exchange for cash or another benefit.

(d) **Personal Time Off.** Executive shall be entitled to paid time off in accordance with the Company's policies applicable to executives.

3. **Termination.** Executive's employment may be terminated as follows, with the following effects:

(a) **Death.** Executive's employment shall terminate immediately upon the Executive's death, in which event the Company's only obligations hereunder shall be to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by the Executive prior to the date of Executive's death. If Executive's employment ceases as a result of death, then all unvested options to purchase common stock, par value $0.0001, of Parent ("***Common Stock***") held by Executive as of the date of Executive's death shall immediately terminate and become unexercisable and all vested options held by Executive as of the date of Executive's death shall remain exercisable until the one year anniversary of the date of cessation of service.

(b) **Disability.** In the event the Executive is disabled from performing Executive's assigned duties under this Agreement due to illness or injury for a period in excess of sixty (60) consecutive days or a period or periods of more than one hundred twenty (120) days in the aggregate in any twelve month period, the Board, in its sole discretion, may terminate Executive's employment immediately upon written notice to Executive, in which event the Company's only obligations hereunder shall be to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by the Executive prior to the effective date of termination. If Executive's employment ceases as a result of disability, then all unvested options to purchase Common Stock held by Executive on the date of Executive's termination shall immediately terminate and become unexercisable and all vested options held by Executive on the date of Executive's termination shall remain exercisable until the one year anniversary of the date of cessation of service.

(c) **For Cause.** The Company may terminate Executive's employment for Cause immediately upon written notice from the Board to Executive. For purposes of this Agreement, "***Cause***" means the occurrence of any one or more of the following: (i) Executive's failure to perform Executive's duties under this Agreement or to comply with any lawful and good faith direction given by or on behalf of the Company or APC, which failure remains uncured (if capable of being cured) for greater than thirty (30) business days after Executive's receipt of written notice of such failure; or Executive's intentional, material violation of any contract or agreement between Executive and the Company or APC or of any statutory duty owed to APC or the Company; (ii) Executive engages in gross misconduct, repeated negligent conduct or willful misconduct in connection with Executive's employment; (iii) Executive is convicted of, or pleads guilty or no contest to, any felony involving violence, fraud, dishonesty or moral turpitude; (iv) Executive's commission or attempted commission of an act of fraud or dishonesty against, or the misappropriation of property belonging to, (x) the Company or APC or any of their affiliates or (y) a third person; (v) a breach by Executive of any confidentiality or proprietary information agreement or non-solicitation or non-competition undertaking relating to or involving (x) the Company or APC or any of their affiliates in any event or (y) a third person with respect to whom it could reasonably be expected to negatively impact on the Company or APC or any of their affiliates, in each case including without limitation Executive's unauthorized use or disclosure of APC's or the Company's confidential information or trade secrets; (vi) Executive engages in any conduct that would allow for Executive's immediate termination under the Company's or APC's discipline and discharge guidelines or similar employment policies, or (vii) Executive materially breaches a code of conduct or similar employment policies or the Company or APC.

(d) **Without Cause.** The Company in its sole discretion may terminate Executive's employment without Cause (as defined above) immediately upon written notice from the Board to Executive. In such event, if such termination occurs prior to, or more than thirteen (13) months following, the effective date of a Change in Control (as defined in Section 4(c) below), the Company shall pay to Executive all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by Executive prior to the effective date of termination, and provided such termination is a "separation from service" as such term is defined in Code Section 409A(a)(2)(A)(i) and the applicable guidance thereunder, contingent upon Executive's delivery to the Company of an effective Release and Waiver as provided in Section 3(e) below, the Company shall also provide the following benefits to Executive: (i) severance consisting of continued payment of Executive's base salary at the rate in effect as of the effective date of termination, less standard deductions and withholdings, for a period of nine (9) months following the effective date of termination, to be paid in accordance with the Company's normal payroll practices; (ii) to the extent that Executive is eligible to continue medical benefits under COBRA and upon timely election by Executive complying with COBRA and to the extent it does not result in a penalty to the Company, reimbursement by the Company, within thirty (30) days of the Company's receipt of evidence of Executive's payment for the prior month, of the Company's portion of the premiums required to continue Executive's medical, dental and vision insurance coverage pursuant to COBRA, for a period of nine (9) months following the date of termination (with Executive being responsible to pay that amount of the portion of the premiums, if any, that Executive would have been responsible to pay if Executive had remained an employee during such period) or, if earlier, the date that Executive accepts full time employment with another employer; and (iii) immediate acceleration of the vesting of all options to purchase Common Stock granted to Executive prior to the effective date of such termination (the "***Options***") such that Executive shall be deemed vested as to the same number of shares as if Executive had continued to be employed by the Company for a period of nine (9) months following the effective date of such termination and all vested options held by Executive shall remain exercisable until the one year anniversary of the date of cessation of service. As a condition to receiving the continuing benefits specified in this Section 3(d), to the maximum extent permitted by applicable law, during the nine (9) month period following the Executive's termination date, Executive shall not engage in any employment or business activity that is directly competitive with the Company's business activities as of such termination date and Executive shall not induce any employee of the Company to leave the employ of the Company. Each payment under this Section 3(d) shall be considered a separate payment and not one of a series of payments for Code Section 409A. Subject to Section 5, any amount due to Executive pursuant to this Section 3(d) during the 60-day period following Executive's termination without Cause shall be paid to Executive in a single lump sum on the first payroll date immediately after the end of the 60-day period.

(e) **Release and Waiver.** As a condition to receiving the benefits specified in Sections 3(d) and 4(b) of this Agreement, Executive must deliver to the Company and Parent a waiver and release of claims in the form attached hereto as **Exhibit A** (the "***Release and Waiver***") within the time frame set forth therein, but in no event later than sixty (60) days following the Executive's termination date, and any applicable revocation period must expire during the 60-day period following Executive's termination as described in Section 3(d) or 4(b) without Executive revoking such release.

(f) **Voluntary Termination by Executive.** Executive may terminate Executive's employment hereunder at any time, whether with or without cause, effective sixty (60) days after delivery of written notice of such termination to the Company, except for Executive's Emergency Need. "***Emergency Need,***" as used in this Section, is defined to be the advent of illness or related health issues in Executive or Executive's immediate family which a medical doctor would conclude poses a mortal health risk to that person. The Company shall have the option, in its sole discretion, to specify an earlier termination date than that provided by Executive in the written notice. Upon voluntary termination pursuant to this Section, the Company shall have no further obligations to Executive other than to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by Executive prior to effective date of termination as determined by the Company. If Executive voluntarily terminates Executive's employment, then all unvested options to purchase Common Stock of the Company held by Executive as of the date of Executive's termination shall immediately terminate and become unexercisable and all vested options held by Executive as of the date of Executive's termination shall remain exercisable for six (6) months from the date of the voluntary termination.

(g) **Resignation as a Director.** In the event of any termination of employment pursuant to this Agreement, if Executive is a member of the Board, then Executive shall be deemed to have resigned voluntarily from the Board and any Committee of the Board, and of the board of directors (and any committee thereof) of all subsidiaries of the Company, upon the effective date of termination or such earlier date as may be agreed in writing between the Company and Executive, and Executive's signature on this Agreement shall, without the need to any further action, constitute Executive's resignation from such boards of directors in such circumstance.

(h) **Returning Company Documents.** In the event of any termination of Executive's employment hereunder, Executive shall, prior to or on such termination deliver to the Company (and will not maintain possession of or deliver to anyone else) any and all devices, records, data, data bases software, software documentation, laboratory notebooks, notes, reports, proposals, lists, customer lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any of the above aforementioned items belonging to the Company or Parent, or their successors or assigns.

4. **Change in Control.**

(a) **Option Acceleration Upon a Change in Control.** Effective immediately upon the closing of a Change in Control (as defined below), the vesting of all of the then unvested shares of Common Stock subject to the Options shall be accelerated in full and the Options shall become fully vested and immediately exercisable as to such additional vested shares (and, if any Options have been early exercised by Executive, the reacquisition or repurchase rights held by the Company with respect to the shares of Common Stock subject to such acceleration shall lapse in full, as appropriate).

(b) **Benefits Upon Termination.** Notwithstanding anything herein to the contrary, in the event that Executive's employment by the Company is terminated without Cause (as defined above) or Executive terminates Executive's employment for Good Reason (as defined below), in each case upon or within thirteen (13) months following the effective date of a Change in Control (as defined below), then contingent upon Executive's delivery to the Company and Parent of a fully effective Release and Waiver as provided in Section 3(e) and provided such termination is a "separation from service" as such term is defined in Code Section 409A(a)(2)(A)(i), the Executive shall be entitled to the benefits and payments specified in Sections 3(d)(i) and 3(d)(ii) above, and the vesting of the unvested shares of Common Stock subject to the Options shall immediately accelerate in full such that the Options shall become fully vested and exercisable with respect to all of the shares of Common Stock subject to such Options (and, if any Options have been early exercised by Executive, the reacquisition or repurchase rights held by the Company with respect to the shares of Common Stock subject to such acceleration shall lapse in full, as appropriate). Any amounts owed pursuant to this Section 4(b) shall be paid in accordance with Section 3(d) of this Agreement; provided, however, that if the Change in Control constitutes a "change in control event" under Code Section 409A, any amounts owed as specified in Section 3(d)(i) shall instead be paid in a single lump sum on the first payroll date immediately after the 60th day following the termination of Executive's employment.

(c) **Change in Control.** "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) Except for Parent, any Exchange Act Person (as defined below) becomes the beneficial owner, directly or indirectly, of securities of the Company or Parent representing more than fifty percent (50%) of the combined voting power of the Company's or Parent's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company or Parent by an investor, any affiliate thereof or any other Exchange Act Person from the Company or Parent in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company or Parent through the issuance of equity securities or (B) solely because the level of beneficial ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company or Parent reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company or Parent, and after such share acquisition, the Subject Person becomes the beneficial owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities beneficially owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur (for purposes of this Section 4(c), "***Exchange Act Person***" means any natural person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended ("***Exchange Act***")), except that "Exchange Act Person" shall not include (A) the Company or any subsidiary of the Company, or Parent or any subsidiary of Parent, (B) any employee benefit plan of the Company or Parent or any subsidiary of the Company or Parent or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company or Parent, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, (D) an entity beneficially owned, directly or indirectly, by the stockholders of the Company or Parent in substantially the same proportions as their beneficial ownership of stock of the Company; or (E) any natural person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the date of this Agreement, is the beneficial owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities);

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company or Parent and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company or Parent (as applicable) immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions relative to each other as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company or Parent approve or the Board (or board of directors of Parent) approves a plan of complete dissolution or liquidation of the Company or Parent, or a complete dissolution or liquidation of the Company or Parent shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company or Parent and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries or Parent to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are beneficially owned by stockholders of the Company or Parent in substantially the same proportions relative to each other as their beneficial ownership of the outstanding voting securities of the Company or Parent immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date of this Agreement, are members of the board of directors of Parent (the "***Parent Board***") (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Parent Board; (*provided, however,* that if the appointment or election (or nomination for election) of any new Parent Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of the Plan, be considered as a member of the Incumbent Board).

(d) **Good Reason.** "**Good Reason**" for the Executive to terminate the Executive's employment hereunder shall mean the occurrence of any of the following events without the Executive's consent:

(i) a material adverse change in the nature of Executive's authority, duties or responsibilities with respect to the Company as they exist immediately after the Effective Time pursuant to this Agreement, defined for this purpose as a demotion of at least two levels within the organization of the Company accompanied by a reduction in authority, duties or responsibilities;

(ii) requiring Executive to relocate to an APC or Company business location to a point more than one hundred (100) miles from Company's location as of the Effective Time; or

(iii) a material reduction by the Company of Executive's base salary as initially set forth in this Agreement, except for (i) across-the-board salary reductions for executives or management of the Company similarly affecting all or substantially all executive or management of the Company; or (ii) reductions that do not exceed 15% of Executive's base salary;

provided, however, that for the avoidance of doubt, the following shall under no circumstances constitute "**Good Reason**": any change in Executive's terms of employment, including compensation or benefits, made in connection with the transactions contemplated under this Agreement or the Merger Agreement. In addition, termination of employment for Good Reason will not be deemed to have occurred, and such termination by Executive shall only be deemed for Good Reason pursuant to the foregoing definition, unless (i) Executive gives the Company written notice of the intent to terminate for Good Reason within thirty (30) days following the first occurrence of the condition(s) that Executive believes constitutes Good Reason, which notice shall describe such condition(s); (ii) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "**Cure Period**"); and (iii) Executive terminates employment within thirty (30) days following the end of the Cure Period.

5. **Application of Internal Revenue Code Section 409A**.

(a) Notwithstanding anything to the contrary contained in this Agreement, if any payment or reimbursement, or the provision of any benefit under this Agreement that is paid or provided upon Executive's "separation from service" with the Company within the meaning of Code Section 409A(a)(2)(A)(i) would constitute a "deferral of compensation" under Code Section 409A and Executive is a "specified employee" (as determined pursuant to procedures adopted by the Company in compliance with Code Section 409A) on the date of Executive's "separation from service" with the Company within the meaning of Code Section 409A(a)(2)(A)(i), Executive will receive payment or reimbursement of such amounts or the provision of such benefits upon the earlier of (i) the first day of the seventh month following the date of Executive's "separation from service" with the Company within the meaning of Section 409A(a)(2)(A)(i) of the Code or (ii) Executive's death.

(b) To the extent applicable, it is intended that this Agreement comply with the provisions of Code Section 409A, so that the income inclusion provisions of Code Section 409A(a)(1) do not apply to Executive. This Agreement shall be administered in a manner consistent with this intent. Reference to Code Section 409A is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

6. **Code Section 280G.** If any payment or benefit Executive would receive pursuant to a Corporate Transaction from the Company or otherwise ("***Payment***") would (a) constitute a "parachute payment" within the meaning of Code Section 280G, and (b) but for this sentence, be subject to the excise tax imposed by Code Section 4999 (the "***Excise Tax***"), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following two amounts would maximize Executive's after-tax proceeds: (i) payment in full of the entire amount of the Payment (a "***Full Payment***"), or (ii) payment of only a part of the Payment so that Executive receives the largest payment possible without the imposition of the Excise Tax (a "***Reduced Payment***"), whichever amount results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, (i) the Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the Payment, and (ii) reduction in payments and/or benefits shall occur in the following order: reduction of cash payments, cancellation of accelerated vesting of stock awards, and reduction of other benefits. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant, unless Executive elects in writing a different order for cancellation.

The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Corporate Transaction shall make all determinations required to be made under this Section 6. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Corporate Transaction, the Company shall appoint a different nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder. The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Company or Executive) or at such other time as requested by the Company. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

7. **Conflict of Interest.** During the Employment Period, Executive shall work in a full-time capacity to fulfill all responsibilities to the Company in the capacity set forth in Section 1. Executive shall be free to pursue business activities which do not interfere with the performance of Executive's duties and responsibilities under this Agreement; provided, however, Executive shall not engage in any outside business activity which involves actual or potential competition with the business of the Company, except with the written consent of the Board. Nothing in this Section shall reduce or limit the effect of any provisions that may be contained in other written agreements between Executive and the Company.

8. **Executive Benefit Plans.** All of the Executive benefit plans referred to or contemplated by this Agreement shall be governed solely by the terms of the underlying plan documents and applicable law. Nothing in this Agreement shall impair the Company's right to amend, modify, replace, and terminate any and all such plans in its sole discretion as provided by law. This Agreement is for the sole benefit of Executive and the Company, and is not intended to create an Executive benefit plan or to modify existing terms of existing plans.

9. **Assignment.** This Agreement may not be assigned by Executive. This Agreement shall bind and inure to the benefit of the Company's successors and assigns, as well as Executive's heirs, executors, administrators, and legal representatives. The Company shall obtain from any successor, before the succession takes place, an agreement to assume the obligations and perform all of the terms and conditions of this Agreement.

10. **Notices.** All notices required by this Agreement may be delivered by first class mail at the following addresses:

To Company:
US Compounding, Inc.
1270 Don's Lane
Conway, AR 72032

To Executive:
Eddie Glover
1270 Don's Lane
Conway, AR 72032

11. **Amendment.** This Agreement may be modified only by written agreement signed by both the Company and Executive.

12. **Choice of Law; Arbitration.** This Agreement shall be governed by the laws of the State of Delaware, without regard to choice of law principles. To provide a mechanism for rapid and economical dispute resolution, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or in equity, arising from or relating to this Agreement (including the Release and Waiver) and its enforcement, performance, breach or interpretation, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration before a single arbitrator held in Little Rock, Arkansas and conducted by the American Arbitration Association (" ***AAA***"), under its then-existing rules and procedures. The parties shall be entitled to conduct adequate discovery, and they may obtain all remedies available to the parties as if the matter had been tried in court. The arbitrator shall issue a written decision which specifies the findings of fact and conclusions of law on which the arbitrator's decision is based. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. Unless a different allocation is required by law, the parties shall each pay one-half of all fees and costs of the arbitration. Punitive damages shall not be awarded. Unless otherwise required by law, the arbitrator will award reasonable expenses (including reimbursement of the assigned arbitration costs) to the prevailing party. Nothing in this Section or in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in a court of competent jurisdiction to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the above, both Executive and the Company retain the right to seek or obtain, and shall not be prohibited, limited or in any other way restricted from seeking or obtaining, equitable relief from a court having jurisdiction over the parties in order to enforce the nonsolicitation and noncompetition provisions of this Agreement or any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's intellectual property.

13. **Partial Invalidity.** In the event any provision of this Agreement is void or unenforceable, the remaining provisions shall continue in full force and effect.

14. **Waiver.** No waiver of any breach of this Agreement shall constitute a waiver of any subsequent breach.

15. **Complete Agreement.** As of the Effective Date, this Agreement, together with the stock option agreements and equity incentive plans governing the Options, constitutes the entire agreement between the parties in connection with the subject matter hereof and supersedes any and all prior or contemporaneous oral and written agreements or understandings between the parties.

16. **Headings.** Headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

17. **Miscellaneous.** Executive acknowledges full understanding of the matters set forth herein and the obligations undertaken upon the execution hereof.

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IN WITNESS WHEREOF, the parties have executed this EMPLOYMENT AGREEMENT as of the date first written above.

COMPANY

US COMPOUNDING, INC.

By: /s/ EDDIE GLOVER
Name: Eddie Glover
Title: CEO

EXECUTIVE:

By: /s/ EDDIE GLOVER
Name: Eddie Glover

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

In consideration of the payments and other benefits set forth in the Employment Agreement dated _____, 20__ (the "***Employment Agreement***"), to which this form is attached, I, _____, hereby furnish **US Compounding, Inc.** and **Adamis Pharmaceuticals Corporation** (together, the "***Company***"), with the following release and waiver ("***Release and Waiver***").

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its directors, officers, executives, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to my signing this Release and Waiver. This general release includes, but is not limited to: (1) all claims arising out of or in any way related to my employment with the Company or the termination of that employment; (2) all claims related to my compensation or benefits from the Company, including, but not limited to, salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including, but not limited to, claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including, but not limited to, claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) ("***ADEA***"), and the California Fair Employment and Housing Act (as amended). Notwithstanding the above, I do not release the Company with respect to its obligations owed to me under the Individual Milestone Agreement and Section 6.2(c) of the Agreement and Plan of Merger each dated March [●], 2016. Nothing in this Release and Waiver shall be deemed to require the waiver or release of any claim that may not be released or waived under applicable federal or state law.

I also acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."** I hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to any claims I may have against the Company.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; (c) I have twenty-one (21) days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); (d) I have seven (7) days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver; and (e) this Release and Waiver shall not be effective until the seven (7) day revocation period has expired unexercised and no benefits will be paid, unless and until this Release and Waiver has become effective. In the event that this Release and Waiver is requested in connection with an exit incentive or other employment termination program offered to a group or class of employees, I have forty-five (45) days to consider this Release and Waiver and I shall be provided with the information required by 29 U.S.C. Section 626 (f)(1)(H).

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized member of the Board of Directors of the Company.

Date: /s/

Exhibit 10.83

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (***"Agreement"***) is dated as of February 28, 2017 (the ***"Effective Date"***) and is entered into by and between Adamis Pharmaceuticals Corporation, a Delaware corporation (***"Company"***), and Ronald B. Moss, M.D. (***"Executive"***).

BACKGROUND

A. The Company desires to employ Executive in the executive capacity stated below, and Executive desires to be employed by the Company in such capacity for the period and with the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the covenants set forth in this Agreement and for other valuable consideration, the parties hereby agree as follows:

1. **Employment.** The Company hereby employs Executive as Chief Medical Officer, with such duties and responsibilities as the Chief Executive Officer of the Company or the Board of Directors of the Company (the "***Board***") may assign to Executive from time to time, with responsibilities to do and perform all services, acts, or things necessary or advisable to manage and conduct the business of the Company, subject at all times to the policies set by the Board and to the consent of the Board when required by the terms of this Agreement. Executive hereby accepts such employment and agrees to devote Executive's full business time and energies as appropriate to fulfill all responsibilities to the Company. Executive agrees to comply with Company policies applicable to officers and employees of the Company.

2. **Compensation.** In consideration for all services rendered by Executive under this Agreement, Executive shall receive the compensation described in this Section 2. All such compensation shall be paid subject to appropriate tax withholding and similar deductions.

(a) **Salary.** Executive shall be paid an initial annual base salary of $385,000 (pro rated for any partial year of employment on the basis of a 365-day year), payable in accordance with the Company's normal practices in the payment of salary and wages, in equal installments, but not less than 24 increments annually.

(b) **Executive Benefit and Incentive Compensation Plans.** During employment hereunder, Executive shall be entitled to receive those benefits which are routinely made available to executive officers of the Company, including participation in any executive stock ownership plan, profit sharing plan, incentive compensation or bonus plan, retirement plan, Company-provided life insurance, or similar executive benefit plans maintained or sponsored by the Company for its officers generally. Without Executive's prior written consent, the Company shall not take any action that would materially diminish the aggregate value of Executive's fringe benefits as they exist as of the Effective Date of this Agreement, except for actions taken with respect to officers or employees generally. Executive's compensation will be reviewed annually by the Company and/or the Compensation Committee of the Board. For each fiscal year of employment during the term of this Agreement, Executive shall be eligible to receive a target bonus (cash and/or equity) following the end of each fiscal year, based on achievement relative to individual and/or Company performance goals or such other factors as the Board or the Compensation Committee may in its sole discretion establish or consider for the applicable fiscal year. The Company will in good faith attempt to establish the target bonus objectives for the 2017 fiscal year within 90 days after commencement of Executive's employment (and any bonus that may be paid with respect to the 2017 year will be pro rated based on the number of days of Executive's employment during 2017), and for future fiscal years within 90 days after the end of the immediately preceding fiscal year. The determination of whether any applicable performance goals have been met, and the amount of any bonus that may be paid for such year (if any), shall be determined by the Board or the Compensation Committee in its sole and absolute discretion. In order to be eligible to earn or receive any bonus, Executive must remain employed by the Company through and including the date of payment of such bonus. The Company and Executive shall enter into the Company's form of indemnity agreement for officers, and Executive shall be covered by the Company's directors and officers' liability insurance in a manner similar to other officers of the Company.

(c) **Expense Reimbursement.** The Company shall promptly reimburse Executive for all reasonable expenses necessarily incurred during conduct of Company business, and for which adequate documentation is presented, but in no event later than December 31 of the calendar year following the calendar year in which the expense was incurred. Furthermore, if any reimbursements or in-kind benefits provided by the Company pursuant to this Agreement would constitute deferred compensation for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the **"*Code*"**) (such section and the regulations and other formal guidance promulgated thereunder and any state law of similar effect, collectively referred to as "***Section 409A***"), such reimbursements or in-kind benefits shall be subject to the following rules: (i) the amounts to be reimbursed, or the in-kind benefits to be provided, shall be determined pursuant to the terms of the applicable benefit plan, policy or agreement and shall be limited to Executive's lifetime and the lifetime of Executive's eligible dependents; (ii) the amounts eligible for reimbursement, or the in-kind benefits provided, during any calendar year may not affect the expenses eligible for reimbursement, or the in-kind benefits provided, in any other calendar year; (iii) any reimbursement of an eligible expense shall be made on or before the earlier of (A) the last day of the calendar month following the calendar month in which the expense report and any required documentation were submitted or (B) the last day of the calendar year following the calendar year in which the expense was incurred; and (iv) Executive's right to an in-kind benefit or reimbursement is not subject to liquidation or exchange for cash or another benefit.

(d) **Personal Time Off.** Executive shall be entitled to paid time off in accordance with the Company's policies applicable to executives.

(e) Subject to the terms of the Company's 2009 Equity Incentive Plan (the *"**Plan**"*), effective on the Effective Date, Executive will be granted an option to purchase 210,000 shares of the Company's common stock (the "***Option***"). The Option shall be exercisable, and the shares subject to the Option shall vest, as follows: the Option shall vest and become exercisable with respect to one-third (1/3) of the shares subject to the Option on the first anniversary of the grant date of the Option, and thereafter as to 1/36 of the total number of shares subject to the Option (rounded down to the nearest whole share) on each monthly anniversary of the grant date of the Option, with the Option vesting and becoming exercisable with respect to all remaining unvested shares on the third anniversary of the grant date so that the Option is exercisable in full after three years from the grant date of the Option, subject to Executive's continued employment with and continuing to provide services to the Company as of each vesting date, as provided in the Plan and the option agreement relating to the Option. The Option will be governed by the Plan and a stock option grant notice and stock option agreement between the Company and Executive. The exercise price per share of the Option will be equal to the fair market value of a share of the Company's common stock on the date of the grant as determined pursuant to the provisions of the Plan.

3. **Termination.** Executive's employment with the Company is "at-will," meaning in part that either Executive or the Company can terminate Executive's employment at any time and for any reason, or for no reason, with or without cause and with or without notice, subject to the provisions below. Executive's employment may be terminated as follows, with the following effects:

(a) **Death.** Executive's employment shall terminate immediately upon Executive's death, in which event the Company's only obligations hereunder shall be to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by Executive prior to the date of Executive's death. If Executive's employment ceases as a result of death, then the vesting of all unvested options to purchase Common Stock of the Company held by Executive shall immediately accelerate in full and all options held by Executive shall remain exercisable until the one year anniversary of the date of cessation of service.

(b) **Disability.** In the event Executive is disabled from performing the essential functions of Executive's assigned duties under this Agreement due to physical or mental disability, with or without reasonable accommodations as required by applicable law, for a period in excess of 60 consecutive days or a period or periods of more than 120 days in the aggregate in any 12-month period, the Board, in its sole discretion, may terminate Executive's employment immediately upon written notice to Executive, in which event the Company's only obligations hereunder shall be to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by the Executive prior to the effective date of termination. The Company shall take any action under this paragraph in compliance in all materials respects with the Family and Medical Leave Act (if applicable to the Company), the Americans with Disabilities Act, as amended, the California Fair Employment and Housing Act (if applicable to the Company) and any other similar applicable law. If Executive's employment ceases as a result of disability, then the vesting of all unvested options to purchase Common Stock of the Company held by Executive shall immediately accelerate in full and all options held by Executive shall remain exercisable until the one year anniversary of the date of cessation of service.

(c) **For Cause.** The Company may terminate Executive's employment for Cause upon prior written notice from the Company to Executive; provided, however, that in the event of an action or conduct described in clauses (iii) or (v) below, the Company shall give Executive written notice thereof, and if Executive fails to remedy or cure (if such action or conduct is capable of remedy or cure, as determined by the Company) such reason(s) for termination within 15 days after delivery of such notice (the "Cure Period"), then the Company may terminate Executive's employment immediately upon written notice from the Company to Executive. For purposes of this Agreement, ***"Cause"*** means the occurrence of any one or more of the following: (i) Executive's conviction of or plea of nolo contendere to any felony crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) Executive's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) Executive's intentional, material violation of any contract or agreement between Executive and the Company or of any statutory duty owed to the Company; (iv) Executive's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) Executive's gross misconduct. In the event Executive's employment is terminated for Cause, the Company shall have no further obligations to Executive other than to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by Executive prior to the effective date of such termination. If Executive's employment ceases as a result of a termination for Cause, then all unvested options to purchase Common Stock held by Executive on the date of his termination shall immediately terminate.

(d) **Without Cause.** The Company in its sole discretion may terminate Executive's employment without Cause (as defined above) or prior warning immediately upon written notice from the Company to Executive. In such event, if such termination occurs prior to, or more than thirteen (13) months following, the effective date of a Change in Control (as defined in Section 4(c) below), the Company shall pay to Executive all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by Executive prior to the effective date of termination, and provided that such termination is a "separation from service" as such term is defined in Code Section 409A(a)(2)(A)(i) and the applicable guidance thereunder, contingent upon Executive's delivery to the Company of an effective Release and Waiver as provided in Section 3(e) below, the Company shall also provide the following benefits to Executive: (i) severance consisting of continued payment of Executive's base salary at the rate in effect as of the effective date of termination, less standard deductions and withholdings, for a period of nine (9) months following the effective date of termination, to be paid in accordance with the Company's normal payroll practices (provided, however, that any such payments otherwise scheduled to be made prior to the effective date of the Release and Waiver shall accrue and be paid in the first payroll period that follows such effective date); (ii) to the extent that Executive is eligible to continue medical benefits under COBRA and upon timely election by Executive complying with COBRA and to the extent it does not result in a penalty to the Company, reimbursement by the Company, within thirty (30) days of the Company's receipt of evidence of Executive's payment for the prior month, of the Company's portion of the premiums required to continue Executive's medical, dental and vision insurance coverage to the extent permitted by COBRA for a period of nine months following the date of termination (with Executive being responsible to pay that amount of the portion of the premiums, if any, that Executive would have been responsible to pay if Executive had remained an employee during such period) or, if earlier, the date that Executive accepts full time employment with another employer; and (iii) immediate acceleration of the vesting of options to purchase Common Stock granted to Executive prior to the effective date of such termination (the ***"Options"***) such that Executive shall be deemed vested as to the same number of shares as if Executive had continued to be employed by the Company for a period of nine months following the effective date of such termination and all vested options held by Executive shall remain exercisable until the one year anniversary of the date of cessation of service. As a condition to receiving the continuing benefits specified in this Section 3(d), to the maximum extent permitted by applicable law, Executive shall not induce any employee of the Company to leave the employ of the Company. Each payment under this Section 3(d) shall be considered a separate payment and not one of a series of payments for purposes of Section 409A. Subject to Section 5, any amount due to Executive pursuant to this Section 3(d) during the 60-day period following Executive's termination without Cause shall be paid to Executive in a single lump sum on the first payroll date immediately after the end of the 60-day period. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that its payment of COBRA premiums on Executive's behalf would result in a violation of applicable law, then in lieu of paying COBRA premiums on Executive's behalf, the Company will pay Executive on the last day of each remaining month of the COBRA payment period a fully taxable cash payment equal to the Company's portion of the COBRA premium for that month, subject to applicable tax withholding (such amount, the "***Special Severance Payment***"), such Special Severance Payment to be made without regard to Executive's election of COBRA coverage or payment of COBRA premiums and without regard to the expiration of the COBRA payment period prior to nine months following the termination of Executive's employment. Such Special Severance Payment shall end on the close of the severance period.

(e) **Release and Waiver.** As a condition to receiving the benefits specified in Sections 3(d) and 4(b) of this Agreement, Executive must deliver to the Company a waiver and release of claims substantially in the form attached hereto as **Exhibit A** or such other form as the Company may reasonably require (the "***Release and Waiver***"), within the time frame set forth therein, but in no event later than 60 days following the Executive's termination date, and any applicable revocation period must expire during the 60-day period following Executive's termination as described in Section 3(d) or 4(b) without Executive revoking such release (such latest permitted date, the **"*Release Deadline*"**). If the severance benefits are not covered by one or more exemptions from the application of Section 409A and the Release and Waiver could become effective in the calendar year following the calendar year in which Executive separates from service, the Release and Waiver will not be deemed effective any earlier than the Release Deadline. The Company may withhold payment of the severance compensation described in paragraph (d) above until Executive executes and delivers the Release and Waiver. None of the severance benefits will be paid or otherwise delivered prior to the effective date or deemed effective date of the Release and Waiver.

(f) **Voluntary Termination by Executive.** Executive may terminate Executive's employment hereunder at any time, whether with or without Cause, effective 30 days after delivery of written notice of such termination to the Company, except for Executive's Emergency Need. "***Emergency Need,***" as used in this Section, is defined to be the advent of illness or related health issues in Executive or Executive's immediate family which a medical doctor would conclude poses a mortal health risk to that person. The Company shall have the option, in its sole discretion, to specify an earlier termination date than that provided by Executive in the written notice. Upon voluntary termination pursuant to this Section, the Company shall have no further obligations to Executive other than to pay all compensation and expense reimbursements owing for services rendered and reasonable business expenses incurred by Executive prior to effective date of termination as determined by the Company, unless the termination is a termination for Good Reason as set forth in Section 4(d), in which case Executive shall be entitled to the benefits set forth in Section 4(b). If Executive otherwise voluntarily terminates Executive's employment, then all unvested options to purchase Common Stock of the Company held by Executive as of the date of Executive's termination shall immediately terminate and become unexercisable and all vested options held by Executive as of the date of Executive's termination shall remain exercisable for six months from the date of the voluntary termination.

(g) **Resignation as a Director.** In the event of any termination of employment pursuant to this Agreement, if Executive is a director of the Company or of any direct or indirect parent or subsidiary of the Company, Executive shall be deemed to have resigned voluntarily from the Board and any Committee of the Board, and from the board of directors (and any committee thereof) of all parents and subsidiaries of the Company, upon the effective date of termination or such earlier date as may be agreed in writing between the Company and Executive.

(h) **Returning Company Documents.** In the event of any termination of Executive's employment hereunder, Executive shall, prior to or on such termination deliver to the Company (and will not maintain possession of or deliver to anyone else) any and all devices, records, data, database software, software documentation, laboratory notebooks, notes, reports, proposals, lists, customer lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, and reproductions of any of the above aforementioned items belonging to the Company, its successors or assigns, as well as all other materials relating to the Company's business or which contain proprietary information. Executive agrees that Executive will not make or retain copies of any of the foregoing and will so represent to the Company upon termination of employment.

4. **Change in Control.**

(a) **Option Acceleration Upon a Change in Control.** Effective immediately upon the closing of a Change in Control of the Company (as defined below), the vesting of one hundred percent (100%) of all of the then unvested shares of Common Stock subject to the Options shall be accelerated in full and the Options shall become fully vested and immediately exercisable as to such additional vested shares (and, if any Options have been early exercised by Executive, the reacquisition or repurchase rights held by the Company with respect to the shares of Common Stock subject to such acceleration shall lapse with respect to one hundred percent (100%) of such shares, as appropriate).

(b) **Benefits Upon Termination.** Notwithstanding anything herein to the contrary, in the event that Executive's employment by the Company is terminated without Cause (as defined above) or Executive terminates Executive's employment for Good Reason (as defined below), in each case within 13 months following, the effective date of a Change in Control (as defined below), contingent upon Executive's delivery to the Company of a fully effective Release and Waiver as provided in Section 3(e) and provided such termination is a "separation from service" as such term is defined in Code Section 409A(a)(2)A)(i), Executive shall be entitled to the benefits and payments specified in Sections 3(d)(i) and 3(d)(ii) above, and the vesting of the unvested shares of Common Stock subject to the Options shall immediately accelerate in full such that the Options shall become fully vested and exercisable with respect to all of the shares of Common Stock subject to such Options (and, if any Options have been early exercised by Executive, the reacquisition or repurchase rights held by the Company with respect to the shares of Common Stock subject to such acceleration shall lapse in full, as appropriate). Any amounts owed pursuant to this Section 4(b) shall be paid in accordance with Section 3(d) of this Agreement; provided, however, that if the Change in Control constitutes a "change in control event" under Section 409A, any amounts owed as specified in Section 3(d)(i) shall instead be paid in a single lump sum on the first payroll date immediately after the 60th day following the termination of Executive's employment.

(c) **Change in Control.** ***"Change in Control"*** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person (as defined below) becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of beneficial ownership held by any Exchange Act Person (the **"*Subject Person*"**) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the beneficial owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities beneficially owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur (for purposes of this Section 4(c), ***"Exchange Act Person"*** means any natural person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (***"Exchange Act"***)), except that "Exchange Act Person" shall not include (A) the Company or any subsidiary of the Company, (B) any employee benefit plan of the Company or any subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, (D) an entity beneficially owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their beneficial ownership of stock of the Company; or (E) any natural person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the date of this Agreement, is the beneficial owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities);

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions relative to each other as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries to an entity, more than 50% of the combined voting power of the voting securities of which are beneficially owned by stockholders of the Company in substantially the same proportions relative to each other as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date of this Agreement, are members of the Board (the ***"Incumbent Board"***) cease for any reason to constitute at least a majority of the members of the Board; (*provided, however,* that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Agreement, be considered as a member of the Incumbent Board).

(vi) Notwithstanding any other provision of this paragraph, "Change in Control" shall not include any event that does not constitute a change in control event as defined in Section 409A.

(d) **Good Reason. "*Good Reason*"** for the Executive to terminate the Executive's employment hereunder shall mean the occurrence of any of the following events without the Executive's consent; and notwithstanding any other provision of this paragraph, "Good Reason" shall not include any event that does not constitute an involuntary termination for "good reason" within the meaning of Section 409A:

(i) a material adverse change in the nature of Executive's authority, duties or responsibilities, as they exist on the Effective Date of this Agreement;

(ii) the relocation of the Company's executive offices or principal business location to a point more than 60 miles from their location as of the Effective Date of this Agreement; or

(iii) a material reduction by the Company of Executive's base salary as initially set forth herein or as the same may be increased from time to time, except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior officers of the Company and does not exceed 15% of Executive's base salary; provided, however, that such termination by the Executive shall only be deemed for Good Reason pursuant to the foregoing definition if: (i) the Executive gives the Company written notice of the intent to terminate for Good Reason within 30 days following the first occurrence of the condition(s) that the Executive believes constitutes Good Reason, which notice shall describe such condition(s); (ii) the Company fails to remedy such condition(s) within 30 days following receipt of the written notice (the "***Cure Period***"); and (iii) the Executive terminates employment within 30 days following the end of the Cure Period.

5. **Application of Internal Revenue Code Section 409A**.

(a) Notwithstanding anything to the contrary contained in this Agreement, if any payment or reimbursement, or the provision of any benefit under this Agreement that is paid or provided upon Executive's "separation from service" with the Company within the meaning of Code Section 409A(a)(2)(A)(i) would constitute a "deferral of compensation" under Section 409A and Executive is a "specified employee" (as determined pursuant to procedures adopted by the Company in compliance with Section 409A) on the date of Executive's "separation from service" with the Company within the meaning of Code Section 409A(a)(2)(A)(i), Executive will receive payment or reimbursement of such amounts or the provision of such benefits upon the earlier of (i) the first day of the seventh month following the date of Executive's "separation from service" with the Company within the meaning of Section 409A(a)(2)(A)(i) of the Code or (ii) Executive's death.

(b) To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A, so that the income inclusion provisions of Code Section 409A(a)(1) do not apply to Executive. This Agreement shall be administered in a manner consistent with this intent.

(c) Benefits payable under the Agreement, to the extent of payments made from the date of termination of the Executive through March 15th of the calendar year following such termination, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations and thus payable pursuant to the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations; to the extent such payments are made following said March 15th, they may be subject to the distribution requirements of Section 409A, including, without limitation, the requirement of Code Section 409A(a)(2)(B)(i) that payment to the Executive be delayed until the earlier to occur of six months and one day after separation from service, or the date of Executive's death following such separation of service, if the Executive is a "specified employee" within the meaning of the aforesaid section of the Code at the time of such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive including, without limitation, the additional tax for which Executive would otherwise be liable under Section 409A in the absence of such a deferral. It is intended that each installment of severance benefits payments provided for in this Agreement, and each other payment made pursuant to this Agreement, is a separate "payment" for purposes of Section 409A, including Treasury Regulation Section 1.409A-2(b)(2). For the avoidance of doubt, it is intended that payments of the severance benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). In addition, if any provision of this Agreement would cause Executive to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Company may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code. The severance benefits are intended to qualify for an exemption from application of Section 409A or comply with its requirements to the extent necessary to avoid adverse personal tax consequences under Section 409A, and any ambiguities herein shall be interpreted accordingly. Notwithstanding anything to the contrary herein, the following provisions apply to the extent severance benefits provided herein are subject to Section 409A. Severance benefits shall not commence until Executive has a "separation from service" for purposes of Section 409A. For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. The Company makes no representation or warranty and shall have no liability to Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A but do not satisfy an exemption from, or the conditions of, such Section.

6. **Code Section 280G.**

(a) **Parachute Payments.** If any payment or benefit Executive would receive pursuant to a Corporate Transaction from the Company or otherwise (***"Payment"***) would (i) constitute a "parachute payment" within the meaning of Code Section 280G, and (ii) but for this sentence, be subject to the excise tax imposed by Code Section 4999 (the ***"Excise Tax"***), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following two amounts would maximize Executive's after-tax proceeds: (i) payment in full of the entire amount of the Payment (a ***"Full Payment"***), or (ii) payment of only a part of the Payment so that Executive receives the largest payment possible without the imposition of the Excise Tax (a ***"Reduced Payment"***), whichever amount results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, (i) the Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the Payment, and (ii) reduction in payments and/or benefits shall occur in the following order: reduction of cash payments, cancellation of accelerated vesting of stock awards, and reduction of other benefits. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant unless Executive elects in writing a different order for cancellation.

(b) **Procedures.** The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Corporate Transaction shall make all determinations required to be made under this Section. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Corporate Transaction, the Company shall appoint a different nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder. The independent registered public accounting firm engaged to make the determinations hereunder shall use its best efforts to provide its calculations, together with detailed supporting documentation, to the Company and Executive within 15 calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Company or Executive) or at such other time as requested by the Company. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

7. **Conflict of Interest.** During the term of this Agreement, Executive shall devote such time and energies as appropriate to fulfill all responsibilities to the Company in the capacity set forth in Section 1. Executive shall be free to pursue business activities that do not interfere with the performance of Executive's duties and responsibilities under this Agreement; however, during the term of this Agreement, Executive shall not engage in any outside business activity that involves actual or potential competition with the business of the Company, except with the written consent of the Board.

8. **Employee Benefit Plans.** All of the employee benefit plans referred to or contemplated by this Agreement shall be governed solely by the terms of the underlying plan documents and applicable law. Nothing in this Agreement shall impair the Company's right to amend, modify, replace, and terminate any and all such plans in its sole discretion as provided by law. This Agreement is for the sole benefit of Executive and the Company, and is not intended to create an employee benefit plan or to modify existing terms of existing plans.

9. **General.**

(a) **Assignment.** This Agreement may not be assigned by Executive. This Agreement shall bind and inure to the benefit of the Company's successors and assigns, as well as Executive's heirs, executors, administrators, and legal representatives. The Company shall obtain from any successor, before the succession takes place, an agreement to assume the obligations and perform all of the terms and conditions of this Agreement.

(b) **Notices.** All notices required by this Agreement may be delivered by first class mail at the following addresses:

To the Company:

Adamis Pharmaceuticals Corporation
Attn: Chief Executive Officer
11682 El Camino Real, Suite 300
San Diego, CA 92130

To Executive:

Ronald B. Moss, M.D.
1931 Avenida Joaquin
Encinitas, CA 92024

(c) **Amendment.** This Agreement may be modified only by written agreement signed by both the Company and Executive.

(d) **Choice of Law; Arbitration.** This Agreement shall be governed by the laws of the State of California, without regard to choice of law principles. To provide a mechanism for rapid and economical dispute resolution, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or in equity, arising from or relating to this Agreement (including the Release and Waiver) and its enforcement, performance, breach or interpretation, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration before a single arbitrator held in San Diego, California and conducted by JAMS, under its then-existing rules and procedures. The parties shall be entitled to conduct adequate discovery, and they may obtain all remedies available to the parties as if the matter had been tried in court. The arbitrator shall issue a written decision which specifies the findings of fact and conclusions of law on which the arbitrator's decision is based. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The Company shall pay all fees and costs of the arbitration. Punitive damages shall not be awarded. Unless otherwise required by law, the arbitrator will award reasonable attorneys' fees and expenses (including reimbursement of the assigned arbitration costs) to the prevailing party. Nothing in this Section or in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in a court of competent jurisdiction to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the above, both Executive and the Company retain the right to seek or obtain, and shall not be prohibited, limited or in any other way restricted from seeking or obtaining, equitable relief from a court having jurisdiction over the parties in order to enforce the nonsolicitation and noncompetition provisions of this Agreement or any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's intellectual property.

(e) **Partial Invalidity.** In the event any provision of this Agreement is void or unenforceable, the remaining provisions shall continue in full force and effect.

(f) **Waiver.** No waiver of any breach of this Agreement shall constitute a waiver of any subsequent breach.

(g) **Complete Agreement.** As of the Effective Date, this Agreement, together with the stock option agreements and equity incentive plans governing the Option, constitutes the entire agreement between the parties in connection with the subject matter hereof and supersedes any and all prior or contemporaneous oral and written agreements or understandings between the parties.

(h) **Headings.** Headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(i) **Exempt Position**. Executive's position is classified as exempt, which means, in part, that Executive's work for the Company is not subject to the laws related to tracking of daily hours of work, minimum wage, overtime or meal and rest periods (and therefore, Executive will not be eligible for overtime).

(j) **Proprietary Information Agreement; Other.** Executive agrees promptly to execute the Company's standard Employee Proprietary Information and Invention Assignment agreement or similar agreement, and such other agreements that the Company customarily requires new employees to execute. Executive agrees promptly (within three business days of Executive's date of hire, if required by Unites States law) to provide the Company with appropriate documentation confirming Executive's identity and authorization to work in the United States.

(k) **Proprietary Information.** Executive agrees that Executive will not, during Executive's employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity or violate any confidentiality, proprietary information or similar agreement between Executive and any former employer, and will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person, or entity unless consented to in writing by such employer, person, or entity. Executive represents to the Company that Executive is not subject to any obligation, contractual or otherwise, that prevents or restricts Executive from becoming employed by the Company.

(l) **Recoupment of Compensation.** Executive agrees that the compensation and benefits provided by the Company under this Agreement or otherwise is subject to recoupment or clawback as may be required by applicable federal or state law, rule or regulation.

(m) **Certain Communications**. The Company and Executive agree that nothing in this Agreement, and nothing in the Release and Waiver or in any other agreement between the Company and Executive or Company policy by which Executive is bound, shall be interpreted as limiting or impeding Executive's rights under applicable federal or state laws, without notice to or approval by the Company, to communicate with any governmental, agency or commission, regarding possible violations of law or regulations.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this EXECUTIVE EMPLOYMENT AGREEMENT as of the date first written above.

ADAMIS PHARMACEUTICALS CORPORATION

By: /s/ DENNIS J. CARLO
Name: Dennis J. Carlo
Title: President and CEO

EXECUTIVE:

By: /s/ RONALD B. MOSS., M.D.
Name: Ronald B. Moss, M.D.

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

In consideration of the severance payments and other benefits set forth in the Executive Employment Agreement dated as of February 28, 2017 (the ***"Employment Agreement"***), to which this form is attached, I, **Ronald B. Moss, M.D.,** hereby furnish **Adamis Pharmaceuticals Corporation** (the ***"Company"***), with the following release and waiver (***"Release and Waiver"***) and, intended to be legally bound hereby, agree as follows.

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, to the maximum extent permitted by law, I hereby generally and completely release the Company and its directors, officers, Executives, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, Affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to my signing this Release and Waiver. This general release includes, but is not limited to: (1) all claims arising out of or in any way related to my employment with the Company or the termination of that employment; (2) all claims related to my compensation or benefits from the Company, including, but not limited to, salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (4) all tort claims, including, but not limited to, claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including, but not limited to, claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (***"ADEA"***), and the California Fair Employment and Housing Act (as amended). Nothing in this Release and Waiver shall be deemed to require the waiver or release of any claim that may not be released or waived under applicable federal or state law.

I also acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."** I hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to any claims I may have against the Company.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under the ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; (c) I have 21 days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); (d) I have seven (7) days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver; and (e) this Release and Waiver shall not be effective until the seven-day revocation period has expired unexercised and no benefits will be paid unless and until this Release and Waiver has become effective. In the event that this Release and Waiver is requested in connection with an exit incentive or other employment termination program offered to a group or class of employees, I have 45 days to consider this Release and Waiver and I shall be provided with the information required by 29 U.S.C. Section 626 (f)(1)(H).

In consideration of the severance payments and other benefits set forth in the Employment Agreement, I agree that after the termination of my employment with the Company I will not disparage the Company or its products, services, agents, representatives, directors, officers, shareholders, employees, affiliates, successors or assigns, or any person acting by, through, under or in concert with any of them with any written or oral statement. Likewise, I understand that the Company will disparage me in any way. I understand that nothing in the Release and Waiver shall be interpreted as limiting or impeding my rights under applicable federal or state laws, without notice to or approval by the Company, to communicate with any governmental, agency or commission, regarding possible violations of law or regulations. I also agree that during the severance period set forth in the Employment Agreement I will cooperate from time to time with the Company in providing for the orderly transition of my duties and responsibilities to other individuals, as reasonably requested by the Company and subject to reimbursement by the Company of any costs or expenses incurred by me in providing such cooperation.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized member of the Board of Directors of the Company.

Date: _____, 20__

/s/
Ronald B. Moss, M.D.

Exhibit 10.84

Loan No. _____

MARCH 2017 AMENDED AND RESTATED
LINE OF CREDIT PROMISSORY NOTE
[CLOSED END MULTIPLE ADVANCE NOTE]

$2,000,000.00

March 31, 2017
Little Rock, Arkansas

FOR VALUE RECEIVED, **ADAMIS PHARMACEUTICALS CORPORATION**, a Delaware corporation whose address is 11682 El Camino Real, Suite 300 San Diego, CA 92130 ("Maker"), promises to pay to the order of **BEAR STATE BANK, N.A.**, a national banking association whose mailing address is 900 South Shackleford, Suite 401, Little Rock, Arkansas 72211, its successors and assigns ("Bank"), or to the order of any subsequent holder hereof, in lawful money of the United States of America, the principal sum of Two Million and No/100 United States Dollars ($2,000,000.00), or so much as may be advanced hereunder, together with interest on the unpaid principal balance (calculated on the basis of a hypothetical year of three hundred sixty (360) days, but multiplied by the actual number of days in the interest calculation period), from the date hereof at a variable rate which shall, from day to day, be equal to the lesser of: (a) the maximum rate of interest which Bank may lawfully charge under applicable law in effect from time to time (the "Maximum Rate"), or (b) a rate equal to the sum of: (i) the prime commercial rate of interest charged by banks in New York, New York, as reflected in the Central Edition of *The Wall Street Journal* (the "Prime Rate"). The interest rate shall be adjusted daily. Maker further agrees changes in the Prime Rate shall automatically result in a change in the interest charged pursuant to this March 2017 Amended and Restated Line of Credit Promissory Note [Closed End Multiple Advance Note] (the "March 2017 Note"), and such change in the interest rate shall be effective regardless of notice to Maker, resulting in recomputation of the required monthly payment of principal and interest.

In the event the foregoing provisions should be construed by a court of competent jurisdiction not to constitute a valid, enforceable designation of a rate of interest or method of determining same, the unpaid principal balance pursuant to this March 2017 Note shall bear interest at the Maximum Rate. Repayment of the indebtedness represented hereby shall be as follows:

Commencing on April 1, 2016, and continuing on the first (1st) day of each July, October and January through and including March 1, 2018, Maker shall pay to Bank monthly payments of accrued and unpaid interest, **with the entire outstanding principal balance, all accrued and unpaid interest and all other sums payable pursuant to this March 2017 Note, the Loan and Security Agreement of even date herewith between Maker and Bank, or any of the other Security Documents (defined below) being absolutely and unconditionally due and payable on March 1, 2018 (the "Maturity Date"), unless sooner provided.**

Bank undertakes no obligation to extend the maturity of this March 2017 Note, and Maker acknowledges and agrees that no such representation has been made to Maker by Bank, or anyone by or on behalf of Bank.

All installments of principal and interest shall be payable to Bank at 900 South Shackleford, Suite 401, Little Rock, Arkansas 72211, or such other places as Bank or the holder hereof may designate in writing from time to time. If any payment of principal and interest on this March 2017 Note shall become due on a Saturday, Sunday or public holiday under the laws of the State of Arkansas, on which the Bank or subsequent holder is not open for business, such payment shall be made on the next succeeding business day and such extension of time shall in such case be included in computing interest in connection with such payment.

Maker shall pay to the Bank a late charge for any installment not received by the Bank within ten (10) days after the installment is due in the amount of five percent (5%) of the applicable installment and notwithstanding the above, such late charge not be less than Twenty Five and No/100 United States Dollars ($25.00) or greater than FIVE HUNDRED AND NO/100 DOLLARS ($500.00); such late charge shall apply separately to each installment past due, but shall only be assessed once as to each late payment. Maker stipulates and agrees that any such late charge(s) shall not be deemed to be additional interest, but shall compensate for Bank's administrative expenses of addressing late payments. This provision for late charges shall not be deemed to extend the time for payment or be a "grace period" or "cure period" that gives Maker a right to cure a default. Imposition of late charges is not contingent upon the giving of any notice or lapse of any cure period provided for in the Mortgage and shall not be deemed a waiver of any right or remedy of Bank, including without limitation, acceleration of this March 2017 Note.

This March 2017 Note may be prepaid in whole or in part. All payments and prepayments made by Maker are to be applied first to any late charges, protective disbursements, and other reimbursements owed to Bank; then in the reduction of interest then due at the rate stated herein; and any amount remaining after such payment of interest shall be applied in reduction of the outstanding principal balance due hereunder.

Upon the occurrence of any of the following events of default (an "Event of Default"), the holder hereof may declare the entire outstanding indebtedness of Maker evidenced by this March 2017 Note due and payable as to principal and accrued interest including any late charges:

(a) Maker shall fail to pay any amount of principal or interest or any part thereof, under this March 2017 Note by the due date thereof; or

(b) Maker shall voluntarily become a party to any insolvency, bankruptcy, composition or reorganization proceeding; or make any assignment for the benefit of creditors; or if any involuntary bankruptcy, insolvency, composition, or other reorganization proceeding be filed against Maker, and the same shall not be dismissed within thirty (30) days after the commencement of any such involuntary proceeding; or

(c) Upon any default in any of the terms, warranties, covenants, provisions obligations contained in any Security Document (defined herein) or under any other promissory note or guaranty executed by or other obligation owed (directly or as a guarantor of indebtedness owed to Bank by any person or entity) by Maker to Bank; or

(d) Upon any default in any other trust deed, mortgage, security agreement, assignment, or other instrument of pledge, security or hypothecation which now or hereafter secures the payment of the indebtedness evidenced hereby; or

(e) Upon any default by Maker in any of the terms, warranties, covenants, provisions or obligations contained in the Warrant (as defined in the Security Documents); or

(f) Upon any default in any of the terms, warranties, covenants or provisions of any of the Security Documents (defined below) or any other promissory note executed by or other obligation owed by Maker to Bank entitling Bank to accelerate the maturity of this March 2017 Note.

If this March 2017 Note is placed in the hands of an attorney for collection, by suit or otherwise, or for the protection of Bank's interest hereunder, Maker shall pay all costs of collection and all court costs and attorneys' fees, costs and expenses incurred by Bank, including, but not limited to, attorneys' fees, costs and expenses incurred in any bankruptcy proceeding in which Maker or any other obligor appears as a debtor.

From and after the Maturity Date hereof or the date of default (in the event of acceleration of the indebtedness evidenced hereby by reason of Maker's default or otherwise), the entire indebtedness due hereunder including any accrued interest and late charges shall bear interest, at the option of Bank, at a rate equal to the lesser of (i) the rate in effect at the time of default, plus three percent (3%); or (ii) the Maximum Rate, until payment in full of all principal and interest, late payment charges and other sums due hereunder are made.

Maker waives presentment, demand, protest, and notice of protest, demand, dishonor and nonpayment.

Time is of the essence of all obligations to be performed by Maker hereunder. Any reference herein or in the other Security Documents to a day or business day shall be deemed to refer to a banking day which shall be a day on which Bank is open for the transaction of business, excluding any national holidays, and any performance which would otherwise be required on a day other than a banking day shall be timely performed in such instance, if performed on the next succeeding business day. Notwithstanding such timely performance, interest shall continue to accrue hereunder until such payment or performance has been made.

Maker authorizes Bank, without notice or demand and without affecting its liability hereunder, from time to time, to take and hold security for the payment of this March 2017 Note or any renewals or extensions hereof; perfect such security, whether or not such security is required as a condition to the making of the Loan evidenced by this March 2017 Note; exchange, enforce, waive or release (whether intentionally or unintentionally) any such security, or any part thereof; purchase such security at a public or private sale (without any obligation to so purchase) and apply such security and direct the order or manner of sale thereof as Bank, in its discretion, may determine.

It is the intention of Bank and Maker to comply strictly with applicable usury law, as may be preempted by federal law. In no event, and upon no contingency, shall the Bank or subsequent holder hereof ever be entitled to receive, collect or apply as interest, any interest, fees, charges or other payments equivalent to interest, in excess of the Maximum Rate which Bank may lawfully charge under applicable statutes and laws from time to time in effect; and in the event the Bank or subsequent holder hereof ever receives, collects, or applies as interest, any such excess, which, but for this provision, would be excessive interest, shall be applied to the reduction of the principal amount of the indebtedness hereby evidenced; and if the principal amount of the indebtedness evidenced hereby, all lawful interest thereon and all lawful fees, prepayment premiums and charges in connection therewith, are paid in full, any remaining excess shall forthwith be paid to Maker, or other party lawfully entitled thereto. Any provision hereof or any other agreement between the Bank and Maker that operates to bind, obligate or compel the undersigned to pay interest in excess of the Maximum Rate shall be construed to require the payment of the Maximum Rate only. The provisions of this paragraph shall be given precedence over any other provision contained herein, or in any other agreement between the holder and the undersigned that it is in conflict with the provisions of this paragraph.

If any provision hereof shall be construed to be invalid or unenforceable, the remaining provisions hereof shall not be affected by such invalidity or unenforceability. Each term or provision hereof shall, however, be valid and be enforced to the fullest extent permitted by law.

This March 2017 Note and the indebtedness represented and evidenced hereby is secured by, among other things, a Loan and Security Agreement executed in March 2016 (as subsequently amended), and may now or hereafter be secured by other mortgages, guaranties, trust deeds, assignments, security agreements, or other instruments of pledge or hypothecation (collectively, the "Security Documents" or separately, a "Security Document").

Upon the occurrence of any Event of Default, Bank shall have the right, immediately, and without notice to the Maker, to set off against this March 2017 Note all money owed by the Bank in any capacity to Maker, or to any endorser or other person who is or may be liable for payment hereof, whether or not due, and the Bank shall be deemed to have exercised such right of setoff and to have made a charge against such money immediately upon the occurrence of such Event of Default even though such charge is made or entered on the books of the Bank subsequently thereto.

The rights, obligations and liabilities of Maker hereunder may not be assigned, either in whole or in part, to any other person or party whomsoever. This March 2017 Note may be negotiated or assigned by Bank, either in whole or in part, and any negotiation or assignment hereof or of the Security Documents, or any portion or portions hereof or thereof, shall operate to vest in any such transferee the rights and powers, either in whole or in part, as the context so requires, herein and therein granted to Bank. In the event Bank shall transfer this March 2017 Note or the other Security Documents in whole, Bank shall thereupon be relieved of all duties, responsibilities and liabilities whatsoever hereunder or thereunder. Bank may share with any potential transferee or participant any information regarding Maker or any collateral securing this March 2017 Note.

This March 2017 Note shall be governed by and construed in accordance with the laws of the State of Arkansas and, as to the maximum rate of interest, by applicable federal laws.

MAKER AND BANK (BY BANK'S ACCEPTANCE HEREOF) FULLY, VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN ANY DISPUTE, ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) UNDER THIS MARCH 2017 NOTE OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED (OR WHICH MAY IN THE FUTURE BE DELIVERED) IN CONNECTION HEREWITH. MAKER AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO PROVIDE THE FINANCING TO MAKER PURSUANT HERETO.

MAKER:

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: /s/ Robert O. Hopkins
Name: ROBERT O. HOPKINS
Title: CFO

Exhibit 10.85

Loan No. 5000279900

MARCH 2017 AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS MARCH 2017 AMENDMENT TO LOAN AND SECURITY AGREEMENT (the "March 2017 Amendment") is entered into this ___ day of March, 2017, with an effective date of March 31, 2017, by and between **BEAR STATE BANK, N.A.**, a national banking association ("Lender"), and **ADAMIS PHARMACEUTICALS CORPORATION**, a Delaware corporation ("Borrower").

WHEREAS, Lender extended a business loan to Borrower, in the initial amount of Two Million and No/100 United States Dollars ($2,000,000.00) (the "Loan"), as set forth in that certain Loan and Security Agreement by and between Lender and Borrower dated March 2016 (collectively, with all previous amendments thereto, including without limitation, that certain Amendment to Loan and Security Agreement dated November 3, 2016, the "Loan Agreement"); and

WHEREAS, Borrower and Lender desire the Loan Agreement be amended as set forth in this March 2017 Amendment, but that all other terms, conditions, and provisions of the Loan Agreement remain in full force and effect solely except as set forth in this March 2017 Amendment;

WHEREAS, Borrower hereby intends to and by execution hereof ratifies and affirms Borrower's unqualified and unconditional liability on all indebtedness of the Loan;

NOW, THEREFORE, for and in consideration of Lender's agreement to the amendments set forth in this March 2017 Amendment, the Loan Agreement, and the covenants, warranties and representations of Borrower contained herein, Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, it is agreed as follows:

AGREEMENTS

The recitals set forth above are not mere recitals of fact but are contractual in nature and are intended by the parties to be incorporated into this March 2017 Amendment by reference, except in the event of a conflict between the incorporated recitals and the numbered sections of this March 2017 Amendment, the numbered sections of this March 2017 Amendment shall control. Terms and provisions which are not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement.

1. **Definitions**. The following definitions, as set forth below, shall replace the definitions previously set forth in the Loan Agreement:

(a) "Collateral" collectively means:

(i) The following Instruments:

(A) that certain Promissory Note dated March 28, 2016, from U.S. Compounding, Inc., an Arkansas corporation ("USC"), in favor of Borrower, in the principal amount of up to Two Million and No/100 United States Dollars ($2,000,000.00) (the "USC Note");

(B) that certain Certificate of Deposit No. 3000028062 of Borrower (the "CD");

(ii) All Accounts of Borrower currently or hereafter existing relating to Borrower's rights under the USC Note; and all rights now or hereafter existing in and to all security agreements and other documents securing or otherwise relating to any such Accounts (collectively, the "Accounts"); and all General Intangibles or Payment Intangibles currently or hereafter existing relating to Borrower's rights under the USC Note;

(iii) Any and all substitutions and replacements therefor, and all product and proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included; and

(iv) All deeds of trust, mortgages or other instruments of debt, pledge or hypothecation evidencing or securing the USC Note, if any.

2. Extension of Maturity of Loan. Borrower and Lender agree the Maturity Date of the indebtedness evidenced by the Loan Agreement and the other documents evidencing and securing the Loan, shall be March 1, 2018, as full set forth in that certain March 2017 Amended and Restated Line of Credit Promissory Note [Closed End Multiple Advance Note] executed of even date herewith (the "March 2017 Note").

3. Estoppel; Waiver; Ratification and Release. For and in consideration of the maturity extension granted by Lender herein, Ten United States Dollars ($10.00) and other good and valuable consideration, receipt and sufficiency being acknowledged, Borrower, as evidenced by its signature below, agrees and acknowledges its unqualified and unconditional obligation for the Indebtedness without defense, affirmative defense, counterclaim, right of setoff or other impediment to collection, and the same, if existing, being expressly released and waived by Borrower in consideration for Lender entering into this March 2017 Amendment.

4. UCC. Notwithstanding any provisions hereof or execution by Lender, this March 2017 Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender should any lien searches or other confirmatory title information regarding the Collateral (to be provided at the expense of Borrower) reflect any default under the Loan or creation of any adverse claim or interest regarding the Collateral. In addition, Borrower authorizes Lender to file any and all initial, amendatory or continuation Uniform Commercial Code filings deemed necessary by Lender.

5 . Good Standing of Borrower. Notwithstanding any provisions hereof or execution by Lender, this March 2017 Amendment (and all documents executed in connection herewith) shall be voidable at the option of Lender in the event Borrower is not validly existing and under its state of formation at the time of execution of this March 2017 Amendment.

6. No Further Modifications. Except as expressly set forth above, the terms and provisions of the Loan Agreement shall remain in full force and effect.

[*Signatures appear on following page.*]

IN WITNESS WHEREOF, the parties hereto have duly executed this March 2017 Amendment this ___ day of March, 2017, with an effective date of March 31, 2017.

BORROWER:

ADAMIS PHARMACEUTICALS CORPORATION,
a Delaware corporation

By: /s/ Robert O. Hopkins
Name: ROBERT O. HOPKINS
Title: CFO

LENDER:

BEAR STATE BANK, N.A.
a national banking association

By: /S/ Steve Moore
Name: STEVE MOORE
Title: Executive Vice President

Exhibit 21.1

SUBSIDIARIES OF ADAMIS PHARMACEUTCALS CORPORATION.

Name	State of Incorporation
Biosyn, Inc.	Pennsylvania
Adamis Corporation	Delaware
U.S. Compounding, Inc.	Arkansas

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Prospectus constituting a part of the Registration Statements on Form S-8 (Nos. 333-159229, 333-169106, 333-175383, 333-196435, 333-201742 and 333-211773), on Form S-1 (Nos. 333-190798, 333-192372, and 333- 192801), and on Form S-3 (Nos. 333-196976, 333-199454, 333-200447, 333-209401 and 333-212880) of our report dated March 30, 2017, (which includes an explanatory paragraph relating to the uncertainty of the Company's ability to continue as a going concern) relating to the consolidated financial statements of Adamis Pharmaceuticals Corporation and Subsidiaries (the Company), as of and for the periods ended December 31, 2016 and December 31, 2015, which report is included in this Annual Report on Form 10-K.

/s/ MAYER HOFFMAN MCCANN P.C.
San Diego, California
March 30, 2017

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Prospectuses constituting a part of the Registration Statements of Adamis Pharmaceuticals Corporation on Form S-8 (Nos. 333-159229, 333-169106, 333-175383, 333-196435, 333-201742 and 333-211773), on Form S-1 (Nos. 333-190798, 333-192372, and 333-192801), and on Form S-3 (Nos. 333-196976, 333-199454, 333-200447, 333-209401 and 333-212880), of our report dated March 23, 2016 (which includes an explanatory paragraph relating to the uncertainty of the company's ability to continue as a going concern), relating to the financial statements of U.S. Compounding, Inc. as of and for the periods ended December 31, 2015 and December 31, 2014, which report is included in the Current Report on Form 8-K/A of Adamis Pharmaceuticals Corporation filed with the Securities and Exchange Commission on June 24, 2016.

/s/ HUDSON CISNE & CO. LLP

Little Rock, Arkansas

March 29, 2017

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dennis J. Carlo, certify that:

1. I have reviewed this annual report on Form 10-K of Adamis Pharmaceuticals Corporation;

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 annual 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 we 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 annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting disclosure 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 data; 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 30, 2017

By: /s/ Dennis J. Carlo
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert O. Hopkins, certify that:

1. I have reviewed this annual report on Form 10-K of Adamis Pharmaceuticals Corporation;

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 annual 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 we 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 annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting disclosure 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 data; 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 30, 2017

By: /s/ Robert O. Hopkins
Vice President, Finance and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, Dennis J. Carlo, the Chief Executive Officer of Adamis Pharmaceuticals Corporation (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of my knowledge:

(1) the Company's Annual Report on Form 10-K for the year ended December 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DENNIS J. CARLO
Dennis J. Carlo
Chief Executive Officer

Dated: March 30, 2017

This certification is being furnished to the SEC with this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

Exhibit 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, Robert O. Hopkins, as Vice President, Finance and Chief Financial Officer of Adamis Pharmaceuticals, Corporation (the "Company"), pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certifies that, to the best of my knowledge:

(1) the Company's Annual Report on Form 10-K for the year ended December 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT O. HOPKINS
Robert O. Hopkins
Vice President and Chief Financial Officer

Dated: March 30, 2017

This certification is being furnished to the SEC with this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.