Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011.

OR

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

For the transition period from _____ to _____.

Commission file number 001-33528

OPKO Health, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	75-2402409
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4400 Biscayne Blvd.
Miami, FL 33137
(Address of Principal Executive Offices) (Zip Code)

(305) 575-4100
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

As of May 1, 2011, the registrant had 285,060,055 shares of common stock outstanding.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995, or PSLRA, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements about our expectations, beliefs or intentions regarding our product development efforts, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described below and in "Item 1A-Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2010, and described from time to time in our reports filed with the Securities and Exchange Commission. Except as required by law, we do not undertake any obligation to update forward-looking statements. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance.

Risks and uncertainties, the occurrence of which could adversely affect our business, include the following:

- We have a history of operating losses and we do not expect to become profitable in the near future.
- Our technologies are in an early stage of development and are unproven.
- Our drug research and development activities may not result in commercially viable products.
- The results of previous clinical trials may not be predictive of future results, and our current and planned clinical trials may not satisfy the requirements of the FDA or other non-U.S. regulatory authorities.
- We will require substantial additional funding, which may not be available to us on acceptable terms, or at all.
- Our business is substantially dependant on our ability to develop, launch and generate revenue from our molecular diagnostic program.
- We expect to finance future cash needs primarily through public or private offerings, debt financings or strategic collaborations, which may dilute your stockholdings in the Company.
- If our competitors develop and market products that are more effective, safer or less expensive than our future product candidates, our commercial opportunities will be negatively impacted.
- The regulatory approval process is expensive, time consuming and uncertain and may prevent us or our collaboration partners from obtaining approvals for the commercialization of some or all of our product candidates.
- Failure to recruit and enroll patients for clinical trials may cause the development of our product candidates to be delayed.
- Even if we obtain regulatory approvals for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our product candidates, which could materially impair our ability to generate anticipated revenues.
- We may not meet regulatory quality standards applicable to our manufacturing and quality processes.
- Even if we receive regulatory approval to market our product candidates, the market may not be receptive to our products.

- If we fail to attract and retain key management and scientific personnel, we may be unable to successfully develop or commercialize our product candidates.
- In the event that we successfully evolve from a company primarily involved in development to a company also involved in commercialization, we may encounter difficulties in managing our growth and expanding our operations successfully.
- If we fail to acquire and develop other products or product candidates, at all or on commercially reasonable terms, we may be unable to diversify or grow our business.
- We have no experience manufacturing our pharmaceutical product candidates other than our Mexican facility and we therefore rely on third parties to manufacture and supply our pharmaceutical product candidates, and would need to meet various standards necessary to satisfy FDA regulations if and when we commence manufacturing.
- We currently have no pharmaceutical or diagnostic marketing, sales or distribution capabilities other than in Chile and Mexico for sales in those countries. If we are unable to develop our sales and marketing and distribution capability on our own or through collaborations with marketing partners, we will not be successful in commercializing our pharmaceutical product candidates.
- Independent clinical investigators and contract research organizations that we engage to conduct our clinical trials may not be diligent, careful or timely.
- The success of our business is dependent on the actions of our collaborative partners.
- Our license agreement with TESARO, Inc. is important to our business. If TESARO does not successfully develop and commercialize rolapitant, our business could be adversely affected.
- If we are unable to obtain and enforce patent protection for our products, our business could be materially harmed.
- We do not have an exclusive arrangement in place with Dr. Tom Kodadek with respect to technology or intellectual property that may be material to our business.
- If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.
- We rely heavily on licenses from third parties.
- We license patent rights to certain of our technology from third-party owners. If such owners do not properly maintain or enforce the patents underlying such licenses, our competitive position and business prospects will be harmed.
- Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.
- Adverse results in material litigation matters or governmental inquiries could have a material adverse effect upon our business and financial condition.
- Medicare prescription drug coverage legislation and future legislative or regulatory reform of the health care system may affect our ability to sell our products profitably.
- Failure to obtain regulatory approval outside the United States will prevent us from marketing our product candidates abroad.
- We may not have the funding available to pursue acquisitions.
- Acquisitions may disrupt our business, distract our management and may not proceed as planned; and we may encounter difficulties in integrating acquired businesses.

- Non-U.S. governments often impose strict price controls, which may adversely affect our future profitability.
- Our business may become subject to legal, economic, political, regulatory and other risks associated with international operations.
- The market price of our common stock may fluctuate significantly.
- Directors, executive officers, principal stockholders and affiliated entities own a significant percentage of our capital stock, and they may make decisions that you do not consider to be in your best interests or in the best interests of our stockholders.
- Compliance with changing regulations concerning corporate governance and public disclosure may result in additional expenses.
- If we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as they apply to us, or our internal controls over financial reporting are not effective, the reliability of our financial statements may be questioned and our common stock price may suffer.
- We may be unable to maintain our listing on the NYSE Amex, which could cause our stock price to fall and decrease the liquidity of our common stock.
- Future issuances of common stock and hedging activities may depress the trading price of our common stock.
- Provisions in our charter documents and Delaware law could discourage an acquisition of us by a third party, even if the acquisition would be favorable to you.
- We do not intend to pay cash dividends on our common stock in the foreseeable future.

PART I. FINANCIAL INFORMATION

Unless the context otherwise requires, all references in this Quarterly Report on Form 10-Q to the "Company", "OPKO", "we", "our", "ours", and "us" refer to OPKO Health, Inc., a Delaware corporation, including our wholly-owned subsidiaries.

Item 1. Financial Statements

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited) (in thousands except share data)

	March 31, 2011	December 31, 2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 47,879	$ 18,016
Marketable securities	59,983	—
Accounts receivable, net	14,001	13,317
Inventory, net	18,137	19,957
Prepaid expenses and other current assets	2,785	2,782
Total current assets	142,785	54,072
Property and equipment, net	2,771	2,729
Intangible assets, net	19,355	9,964
Goodwill	6,672	5,856
Investments	4,691	5,114
Other assets	33	111
Total assets	$ 176,307	$ 77,846
LIABILITIES, SERIES D PREFERRED STOCK, AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 4,574	$ 7,170
Accrued expenses	5,557	5,739
Current portion of lines of credit	14,552	14,690
Total current liabilities	24,683	27,599
Long-term liabilities	1,883	1,067
Total liabilities	26,566	28,666
Commitments and contingencies		
Series D preferred stock — $0.01 par value, 2,000,000 shares authorized; 1,209,677 and 1,209,677 shares issued and outstanding (liquidation value of $33,613 and $33,013) at March 31, 2011 and December 31, 2010, respectively	26,128	26,128
Shareholders' equity		
Series A Preferred stock — $0.01 par value, 4,000,000 shares authorized; 722,700 and 897,439 shares issued and outstanding (liquidation value of $2,076 and $2,468) at March 31, 2011 and December 31, 2010, respectively	7	9
Series C Preferred Stock — $0.01 par value, 500,000 shares authorized; No shares issued or outstanding	—	—
Common Stock — $0.01 par value, 500,000,000 shares authorized; 285,042,867 and 255,412,706 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	2,850	2,554
Treasury stock - 45,154 shares at March 31, 2011 and December 31, 2010	(61)	(61)
Additional paid-in capital	482,521	376,008
Accumulated other comprehensive income	2,424	2,921
Accumulated deficit	(364,128)	(358,379)
Total shareholders' equity	123,613	23,052
Total liabilities, Series D Preferred Stock, and shareholders' equity	$ 176,307	$ 77,846

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share data)

	For the three months ended March 31, 2011	2010
Revenue		
Product sales	$ 8,635	$ 7,922
Other revenue	13	—
Total revenue	8,648	7,922
Cost of goods sold, excluding amortization of intangible assets	5,623	5,528
Gross margin, excluding amortization of intangible assets	3,025	2,394
Operating expenses		
Selling, general and administrative	5,586	4,243
Research and development	1,645	1,328
Other operating expenses, principally amortization of intangible assets	880	889
Total operating expenses	8,111	6,460
Operating loss	(5,086)	(4,066)
Other income (expense), net	38	(340)
Loss before income taxes and investment losses	(5,048)	(4,406)
Income tax provision	233	47
Loss before investment losses	(5,281)	(4,453)
Loss from investments in investees	(423)	(231)
Net loss	(5,704)	(4,684)
Preferred stock dividend	(645)	(662)
Net loss attributable to common shareholders	$ (6,349)	$ (5,346)
Loss per share, basic and diluted	$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	261,042,274	254,452,451

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	For the three months ended March 31, 2011	2010
Cash flows from operating activities		
Net loss	$ (5,704)	$ (4,684)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	997	971
Accretion of debt discount related to notes payable	2	60
Equity-based compensation — employees and non-employees	1,754	1,205
Loss from investments in investees	423	231
Provision for (recovery of) bad debt	28	(10)
Provision for (reversal of) inventory reserves	62	(63)
Changes in:		
Accounts receivable	(598)	(1,668)
Inventory	1,391	885
Prepaid expenses and other current assets	(379)	(272)
Other assets	80	103
Accounts payable	(2,487)	513
Accrued expenses	(254)	50
Net cash used in operating activities	(4,685)	(2,679)
Cash flows from investing activity		
Acquisition of businesses, net of cash	(10,538)	(1,447)
Purchase of marketable securities	(59,983)	(4,999)
Capital expenditures	(108)	(203)
Net cash used in investing activity	(70,629)	(6,649)
Cash flows from financing activities:		
Issuance of common stock, including related parties, net	104,828	—
Borrowing under lines of credit	3,027	1,165
Repayments under lines of credit	(2,827)	(821)
Proceeds from the exercise of stock options and warrants	135	2
Repayments of notes payable and capital lease obligations	—	(2)
Net cash provided by financing activities	105,163	344
Effect of exchange rate changes on cash and cash equivalents	14	—
Net increase (decrease) in cash and cash equivalents	29,863	(8,984)
Cash and cash equivalents at beginning of period	18,016	42,658
Cash and cash equivalents at end of period	$ 47,879	$ 33,674
SUPPLEMENTAL INFORMATION		
Interest paid	$ 65	$ 46
Issuance of capital stock to acquire Exakta-OPKO	$ —	$ 1,999

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

OPKO Health, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1 BUSINESS AND ORGANZATION

We are a multi-national pharmaceutical and diagnostics company that seeks to establish industry-leading positions in large and rapidly growing medical markets by leveraging our discovery, development and commercialization expertise and our novel and proprietary technologies. Our current focus is on conditions with major unmet medical needs including neurological disorders, infectious diseases, oncology and ophthalmologic diseases. We are developing a range of solutions to diagnose, treat and prevent these conditions, including molecular diagnostics tests, proprietary pharmaceuticals and vaccines. We plan to commercialize these solutions on a global basis in large and high growth markets, including emerging markets. We have already established emerging markets pharmaceutical platforms in Chile and Mexico, which are delivering revenue and which we expect to deliver cash flow and facilitate future market entry for our products currently in development. We also actively explore opportunities to acquire complementary pharmaceuticals, compounds, technologies, and businesses. We are a Delaware corporation, headquartered in Miami, Florida.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation. The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the Company's results of operations, financial position and cash flows have been made. The results of operations and cash flows for the three months ended March 31, 2011, are not necessarily indicative of the results of operations and cash flows that may be reported for the remainder of 2011 or for future periods. The unaudited condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Principles of consolidation. The accompanying unaudited condensed consolidated financial statements include the accounts of OPKO Health, Inc. and our wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. Cash and cash equivalents consist of short-term, interest-bearing instruments with original maturities of 90 days or less at the date of purchase. We also consider all highly liquid investments with original maturities at the date of purchase of 90 days or less as cash equivalents. These investments include money markets, bank deposits, and U.S. treasury securities.

Marketable securities. Investments with original maturities of greater than 90 days and remaining maturities of less than one year are classified as marketable securities. Marketable securities include U.S. treasury securities. Unrealized gains and temporary losses on investments are included in accumulated other comprehensive income (loss) as a separate component of stockholders' equity. Realized gains and losses, dividends, interest income, and declines in value judged to be other-than-temporary credit losses are included in other income (expense). Amortization of any premium or discount arising at purchase is included in interest income.

Comprehensive loss. Our comprehensive loss for the three months ended March 31, 2011 was $6.2 million and includes our net loss and the cumulative translation adjustment, net, for the translation of our subsidiaries in Chile and Mexico. Comprehensive loss for the three months ended March 31, 2010 was $5.0 million and includes our net loss for the three months and the cumulative translation adjustment, net, for the translation of the results of our subsidiaries in Chile and Mexico.

Revenue recognition. Generally, we recognize revenue from product sales when goods are shipped and title and risk of loss transfer to our customers. Certain of our instrumentation products are sold directly to end-users and require that we deliver, install and train the staff at the end-users' facility. As a result, we do not recognize revenue until the product is delivered, installed and training has occurred for instrumentation products sold to end-users.

Other revenues include revenue related to upfront license payments, license fees and milestone payments received through our license, collaboration and commercialization agreements. We analyze our multiple-element arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting.

Non-refundable license fees for the out-license of our technology are recognized depending on the provisions of each agreement. We recognize non-refundable upfront license payments as revenue upon receipt if the license has standalone value and the fair value of our undelivered obligations, if any, can be determined. If the license is considered to have standalone value but the fair value of any of the undelivered items cannot be determined, the license payments are recognized as revenue over the period of our performance for such undelivered items or services. License fees with ongoing involvement or performance obligations are recorded as deferred revenue once received and generally are recognized ratably over the period of such performance obligation only after both the license period has commenced and we have delivered the technology. Our assessment of our obligations and related performance periods requires significant management judgment. If an agreement contains research and development obligations, the relevant time period for the research and development phase is based on management estimates and could vary depending on the outcome of clinical trials and the regulatory approval process. Such changes could materially impact the revenue recognized, and as a result, management reviews the estimates related to the relevant time period of research and development on a quarterly basis.

Revenue from milestone payments related to arrangements under which we have continuing performance obligations are recognized as revenue upon achievement of the milestone only if all of the following conditions are met: the milestone payments are non-refundable; there was substantive uncertainty at the date of entering into the arrangement that the milestone would be achieved; the milestone is commensurate with either the vendor's performance to achieve the milestone or the enhancement of the value of the delivered item by the vendor; the milestone relates solely to past performance; and the amount of the milestone is reasonable in relation to the effort expended or the risk associated with the achievement of the milestone. If any of these conditions are not met, the milestone payments are not considered to be substantive and are, therefore, deferred and recognized as revenue over the term of the arrangement as we complete our performance obligations.

Total deferred revenue related to other revenues was $0.2 million and $0.2 million at March 31, 2011 and December 31, 2010, respectively.

Derivative financial instruments. We record derivative financial instruments on our balance sheet at their fair value and the changes in the fair value are recognized in income when they occur, the only exception being derivatives that qualify as hedges. To qualify the derivative instrument as a hedge, we are required to meet strict hedge effectiveness and contemporaneous documentation requirements at the initiation of the hedge and assess the hedge effectiveness on an ongoing basis over the life of the hedge. At March 31, 2011 and December 31, 2010, our forward contracts for inventory purchases did not meet the documentation requirements to be designated as hedges. Accordingly, we recognize all changes in fair values in income. Refer to Note 7.

Product warranties. Product warranty expense is recorded concurrently with the recording of revenue for product sales. The costs of warranties are accounted for as a component of cost of sales. We estimate warranty costs based on our estimated historical experience and adjust for any known product reliability issues.

Allowance for doubtful accounts. We analyze accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts using the specific identification method. Our reported net loss is directly affected by our estimate of the collectability of accounts receivable. Estimated allowances for sales returns are based upon our history of product returns. The amount of allowance for doubtful accounts was $1.2 million at March 31, 2011 and December 31, 2010.

Segment reporting. Our chief operating decision-maker ("CODM") is comprised of our executive management with the oversight of our board of directors. Our CODM review our operating results and operating plans and make resource allocation decisions on a company-wide or aggregate basis. Accordingly, we have aggregated our three operating segments, instrumentation, pharmaceutical operating business and pharmaceutical research and

development activities into two reporting segments, instrumentation and pharmaceutical as we expect the businesses to have similar long-term economic characteristics.

Equity-based compensation. We measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized in the statement of operations over the period during which an employee is required to provide service in exchange for the award. We record excess tax benefits, realized from the exercise of stock options as a financing cash inflow rather than as a reduction of taxes paid in cash flow from operations. Equity-based compensation arrangements to non-employees are recorded at their fair value on the measurement date. The measurement of equity-based compensation is subject to periodic adjustment as the underlying equity instruments vest. During the three months ended March 31, 2011 and 2010, we recorded $1.8 million and $1.2 million, respectively, of equity-based compensation expense.

Recent accounting pronouncements. In December 2010, the FASB issued an amendment to the disclosure of supplementary pro forma information for business combinations. The amendment specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendment also expands the supplemental pro forma disclosures under current accounting guidance to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendment is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of this amendment did not have a material impact on our financial statement disclosures.

In December 2010, the FASB issued an amendment to the accounting for goodwill impairment tests. The amendment modifies Step 1 of the impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance. The amendment is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of this amendment did not have a material impact on our results of operations or financial condition.

In December 2010, the FASB issued an amendment to the accounting for annual excise taxes paid to the federal government by pharmaceutical manufacturers under health care reform. The liability for the fee should be estimated and recorded in full upon the first qualifying branded prescription drug sale with a corresponding deferred cost that is amortized to expense using a straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. The amendment is effective for calendar years beginning after December 31, 2010, when the fee initially becomes effective. As we currently do not manufacture pharmaceutical products in the United States, we do not expect the adoption of this amendment to have a material impact on our results of operations or financial condition.

In March 2010, the FASB reached a consensus to issue an amendment to the accounting for revenue arrangements under which a vendor satisfies its performance obligations to a customer over a period of time, when the deliverable or unit of accounting is not within the scope of other authoritative literature, and when the arrangement consideration is contingent upon the achievement of a milestone. The amendment defines a milestone and clarifies whether an entity may recognize consideration earned from the achievement of a milestone in the period in which the milestone is achieved. This amendment is effective for fiscal years beginning on or after June 15, 2010, with early adoption permitted. We adopted this amendment prospectively for milestones achieved after January 1, 2011. This amendment did not have a material impact on our results of operation or financial condition.

In October 2009, the FASB issued an amendment to the accounting for multiple-deliverable revenue arrangements. This amendment provides guidance on whether multiple deliverables exist, how the arrangements should be separated, and how the consideration paid should be allocated. As a result of this amendment, entities may be able to separate multiple-deliverable arrangements in more circumstances than under existing accounting guidance. This guidance amends the requirement to establish the fair value of undelivered products and services based on objective evidence and instead provides for separate revenue recognition based upon management's best estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. The existing guidance previously required that the fair value of the undelivered item reflect the price of the item either sold in a separate transaction between unrelated third parties or the price charged for each

item when the item is sold separately by the vendor. If the fair value of all of the elements in the arrangement was not determinable, then revenue was deferred until all of the items were delivered or fair value was determined. We adopted this amendment prospectively for revenue arrangements entered into or materially modified after January 1, 2011. This amendment did not have a material impact on our results of operation or financial condition.

NOTE 3 LOSS PER SHARE

Basic loss per share is computed by dividing our net loss by the weighted average number of shares outstanding during the period. Diluted earnings per share is computed by dividing our net loss by the weighted average number of shares outstanding and the impact of all dilutive potential common shares, primarily stock options. The dilutive impact of stock options and warrants are determined by applying the "treasury stock" method.

A total of 28,506,408 and 19,071,146 potential common shares have been excluded from the calculation of net loss per share for the three months ended March 31, 2011 and 2010, respectively, because their inclusion would be anti-dilutive. As of March 31, 2011, the holders of our Series A Preferred Stock and Series D Preferred Stock could convert their Preferred Shares into approximately 830,511 and 13,553,759 shares of our Common Stock, respectively.

NOTE 4 COMPOSITION OF CERTAIN FINANCIAL STATEMENT CAPTIONS

(in thousands)	March 31, 2011	December 31, 2010
Accounts receivable, net:		
Accounts receivable	$ 15,184	$ 14,482
Less allowance for doubtful accounts	(1,183)	(1,165)
	$ 14,001	$ 13,317
Inventories, net:		
Raw materials (components)	$ 4,784	$ 4,868
Work-in process	1,222	889
Finished products	12,634	14,632
Less inventory reserve	(503)	(432)
	$ 18,137	$ 19,957
Intangible assets, net:		
Customer relationships	$ 7,506	$ 7,719
Technology	14,597	4,597
Product registrations	4,232	4,227
Tradename	662	666
Covenants not to compete	387	349
Other	297	7
Less accumulated amortization	(8,326)	(7,601)
	$ 19,355	$ 9,964

The change in value of the intangible assets include the foreign currency fluctuation between the Chilean and Mexican pesos against the US dollar at March 31, 2011 and December 31, 2010. The increase in technology and other reflects the acquisition of CURNA, Inc. Refer to Note 5.

NOTE 5 ACQUISITIONS, INVESTMENTS, AND LICENSES

CURNA acquisition

In January 2011, we acquired all of the outstanding stock of CURNA, Inc., ("CURNA") in exchange for $10.0 million in cash, plus $0.6 million in liabilities, of which, $0.5 million was paid at closing. In addition to the cash consideration, we have agreed to pay to the CURNA sellers a portion of any consideration we receive in connection with certain license, partnership or collaboration agreements we may enter into with third parties in the future relating to the CURNA technology, including, license fees, upfront payments, royalties and milestone payments. As a result, we recorded $0.6 million, as contingent consideration for the future consideration.

We will evaluate the contingent consideration on an ongoing basis and the changes in fair value will be recognized in earnings until the contingencies are resolved. CURNA was a privately held company based in Jupiter, Florida, engaged in the discovery of new drugs for the treatment of a wide variety of illnesses, including cancer, heart disease, metabolic disorders and a range of genetic anomalies.

The following table reflects the estimated fair value of the net assets acquired at the date of acquisition:

(in thousands)	
Current assets (including cash of $5)	$ 38
Fixed assets	21
Intangible assets	
Technology	10,000
Patents	290
Total intangible assets	10,290
Goodwill	828
Accounts payable and accrued expenses	(54)
Contingent consideration	(580)
Total purchase price	$10,543

We believe the estimated fair values assigned to the CURNA assets acquired and liabilities assumed are based on reasonable assumptions. However, the fair value estimates for the purchase price allocation may change during the allowable allocation period, which is up to one year from the acquisition date, if additional information becomes available that would require changes to our estimates.

Exakta-OPKO acquisition

In February 2010, we acquired Exakta-OPKO (previously known as Pharmacos Exakta S.A. de C.V.), a privately-owned Mexican company engaged in the manufacture, marketing and distribution of ophthalmic and other pharmaceutical products for government and private markets since 1957. Pursuant to a purchase agreement we acquired all of the outstanding stock of Exakta-OPKO and real property owned by an affiliate of Exakta-OPKO for a total aggregate purchase price of $3.5 million, of which an aggregate of $1.5 million was paid in cash and $2.0 million was paid in shares of our Common Stock, par value $.01. In September 2010, we reduced the consideration paid by $0.1 million in working capital adjustments per the purchase agreement. The number of shares to be issued was determined by the average closing price of our Common Stock as reported on the NYSE Amex for the ten trading days ending on February 12, 2010. A total of 1,371,428 shares of our Common Stock were issued in the transaction which were valued at $2.0 million due to trading restrictions. A portion of the proceeds will remain in escrow for a period of time to satisfy indemnification claims.

Investments

In November 2010, we made an investment in Fabrus, LLC (“Fabrus”), a privately held early stage biotechnology company with next generation therapeutic antibody drug discovery and development capabilities. Fabrus is using its proprietary antibody screening and engineering approach to discover promising lead compounds against several important oncology targets. As of March 31, 2011, we hold approximately 13% of Fabrus’ outstanding membership interests on a fully diluted basis. Our investment was part of a $2.1 million financing for Fabrus and included other related parties. Refer to Note 8.

Effective September 21, 2009, we entered into an agreement pursuant to which we invested $2.5 million in cash in Cocrystal Discovery, Inc., a privately held biopharmaceutical company (“Cocrystal”). Cocrystal is focused on the discovery and development of novel antiviral drugs using a combination of protein structure-based approaches. As of March 31, 2011 we hold approximately 16% of Cocrystal on a fully diluted basis. Refer to Note 8.

On June 10, 2009, we entered into a stock purchase agreement with Sorrento Therapeutics, Inc. (“Sorrento”), a publicly held company with a technology for generating fully human monoclonal antibodies, pursuant to which we invested $2.3 million in Sorrento. OPKO owns approximately 59,015,257 shares of Sorrento Common Stock, or approximately 23% of Sorrento’s total outstanding common stock at March 31, 2011. The closing stock price for Sorrento’s common stock, a thinly traded stock, as quoted on the over-the-counter markets was $0.30 per share on March 31, 2011. Refer to Note 8.

Rolapitant license

In December 2010, we entered into a license agreement (the "TESARO License") with TESARO, Inc. ("TESARO") granting TESARO exclusive rights to the development, manufacture, commercialization and distribution of rolapitant and a related compound. Under the terms of the TESARO License, we are eligible for payments of up to $121.0 million, including an up-front payment of $6.0 million, which was received in December 2010, and additional payments based upon achievement of specified regulatory and commercialization milestones. In addition, TESARO will pay us double digit tiered royalties on sales of licensed product. We will share future profits from the commercialization of licensed products in Japan with TESARO and we will have an option to market the products in Latin America. In connection with the TESARO License, we also acquired an equity position in TESARO. We recorded the equity position at $0.7 million, the estimated fair value based on a discounted cash flow model.

In accounting for the license of rolapitant to TESARO, we determined that we did not have any continuing involvement in the development of rolapitant or any other future performance obligations and, as a result, recognized the $6.0 million up-front payment and the $0.7 million equity position as license revenue during the year ended December 31, 2010.

Pursuant to an asset purchase agreement with Schering-Plough Corporation ("Schering"), we acquired rolapitant and other assets relating to Schering's neurokinin-1 ("NK-1") receptor antagonist program on October 12, 2009 (the "Schering Agreement"). Under the terms of the Schering Agreement, we paid Schering $2.0 million in cash upon closing and agreed to pay up to an additional $27.0 million upon certain development milestones. Rolapitant, the lead product in the NK-1 program, successfully completed Phase II clinical testing for prevention of nausea and vomiting related to cancer chemotherapy and surgery, and other indications. Development of rolapitant and the other assets had been stopped at the time of our acquisition and there were no ongoing clinical trials. We recorded $2.0 million as in-process research and development expense upon our acquisition.

Variable interest entities

We have determined that we hold variable interests ("VIE") in three entities, TESARO, Fabrus and CoCrystal. We made this determination as a result of our assessment that they do not have sufficient resources to carry out their principal activities without additional subordinated financial support.

In order to determine the primary beneficiary of Cocrystal and Fabrus, we evaluated our investment as well as our investment combined with a related party group to identify who had the most power to control each entity and who received the largest benefits (or absorbed the most losses) from each entity. The related party group when considering our investment in Cocrystal includes OPKO and the Frost Group, LLC (the "Frost Group"). The Frost Group members include Frost Gamma Investments Trust, of which Phillip Frost, MD, our Chairman of our Board of Directors and Chief Executive Officer, is the sole trustee (the "Gamma Trust"), Dr. Jane H. Hsiao, who is the Vice Chairman of the board of directors and Chief Technical Officer, Steven D. Rubin who is Executive Vice President — Administration and a director of the Company and Rao Uppaluri who is the Chief Financial Officer of the Company. As of March 31, 2011 we own approximately 16% of Cocrystal and members of the Frost Group own approximately 42% of Cocrystal's voting stock on an as converted basis, including 39% held by the Gamma Trust. Dr. Frost, Mr. Rubin, and Dr. Hsiao currently serve on the Board of Directors of Cocrystal and represent 50% of its board. The Gamma Trust can significantly influence Cocrystal through its board representation and voting power. As such, we have determined that the Gamma Trust is the primary beneficiary within the related party group.

The related party group when considering our investment in Fabrus includes OPKO and the Gamma Trust, Hsu Gamma Investment, L.P., of which Jane Hsiao is the general partner ("Hsu Gamma"), and the Richard Lerner Family Trust. Dr.'s Frost, Hsiao and Lerner are all members of our Board of Directors. As of March 31, 2011, we own approximately 13% of Fabrus and Drs. Frost, Hsiao and Lerner own 24% of Fabrus' voting stock on an as converted basis, including 16% held by the Gamma Trust. Drs. Frost and Hsiao currently serve on the Board of Managers of Fabrus and represent 40% of its board. The Gamma Trust can significantly influence the success of Fabrus through its board representation and voting power. As such, we have determined that the Gamma Trust is the primary beneficiary within the related party group. Because we have the ability to exercise significant influence over Cocrystal's and Fabrus' operations through our related party affiliates, we account for our investments in Cocrystal and Fabrus, under the equity method.

In order to determine the primary beneficiary of TESARO, we evaluated the power and benefits held by its equity holders. On an as converted basis, we hold an equity interest of approximately 6% of TESARO as of

March 31, 2011. The decrease in our ownership percentage on an as converted basis from 9% at December 31, 2010 is a result of TESARO issuing additional equity securities during the three months ended March 31, 2011. As of March 31, 2011, we determined that despite the issuance of additional equity securities, TESARO does not have sufficient resources to carry out its principal activities without additional subordinated financial support. In addition, we do not hold any seats on the Board of Directors and we do not have any management positions. The largest equity holder owns approximately 68% of TESARO on an as converted basis and is represented by two members of TESARO's board of directors. As a result of that equity holder having the power to influence TESARO and being entitled to the largest share of the benefits of TESARO, we determined such holder is the primary beneficiary of TESARO. Because we do not have the ability to exercise significant influence over TESARO's operations, we account for TESARO under the cost method of accounting.

We have not provided financial or other support to the variable interest entities other than those associated with our original investments in Cocrystal and Fabrus or those associated with our TESARO License and we are not obligated to provide ongoing financial support to them.

The following table reflects our maximum exposure to each of our investments:

Investee name	(in thousands)	Accounting method
Sorrento	$ 2,300	Equity method
Cocrystal	2,500	VIE, equity method
Fabrus	650	VIE, equity method
TESARO	731	VIE, cost method
Less accumulated losses in investees	(1,490)	
Total	$ 4,691	

NOTE 6 FAIR VALUE MEASUREMENTS

We record fair value at an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. We utilize a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of March 31, 2011, we held money market funds and treasury securities that qualify as cash equivalents, marketable securities that consist of treasury securities, forward contracts for inventory purchases (Refer to Note 7) and contingent consideration related to the acquisition of CURNA (Refer to Note 5) that are required to be measured at fair value on a recurring basis. As of March 31, 2011, we held money market funds and treasury securities totaling $46.9 million, including treasury securities maturing June 9, 2011 and June 23, 2011, that qualify as cash equivalents as well as marketable securities which were comprised entirely of treasury securities totaling $60.0 million, maturing June 30, 2011, July 14, 2011, and July 21, 2011, that are required to be measured at fair value on a recurring basis. The $85.0 million of treasury securities are recorded at amortized cost, which reflects their approximate fair value. Our other assets and liabilities carrying value approximate their fair value due to their short-term nature.

Any future fluctuation in fair value related to these instruments that is judged to be temporary, including any recoveries of previous write-downs, would be recorded in accumulated other comprehensive income or loss. If we determine that any future valuation adjustment was other-than-temporary, we would record a charge to the consolidated statement of operations as appropriate.

Our financial assets and liabilities measured at fair value on a recurring basis are as follows:

	Fair value measurements as of March 31, 2011			
(in thousands)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Money market funds	$ 21,944	$ —	$ —	$ 21,944
Treasury securities	84,979	—	—	84,979
Total assets	$ 106,923	$ —	$ —	$106,923
Liabilities:				
Forward contracts	$ —	$ 340	$ —	$ 340
CURNA contingent considerations	—	—	580	580
Total liabilities	$ —	$ 340	$ 580	$ 920

NOTE 7 DERIVATIVE CONTRACTS

We enter into foreign currency forward exchange contracts to cover the risk of exposure to exchange rate differences arising from inventory purchases on letters of credit. Under these forward contracts, for any rate above or below the fixed rate, we receive or pay the difference between the spot rate and the fixed rate for the given amount at the settlement date.

We record derivative financial instruments on our balance sheet at their fair value as an accrued expense and the changes in the fair value are recognized in income in other expense net when they occur, the only exception being derivatives that qualify as hedges. To qualify the derivative instrument as a hedge, we are required to meet strict hedge effectiveness and contemporaneous documentation requirements at the initiation of the hedge and assess the hedge effectiveness on an ongoing basis over the life of the hedge. At March 31, 2011, the forward contracts did not meet the documentation requirements to be designated as hedges. Accordingly, we recognize all changes in fair values in income.

The outstanding contracts at March 31, 2011, have been recorded at fair value, and their maturity details are as follows:

(in thousands) Days until maturity	Contract value	Fair value at March 31, 2011	Effect on gain (loss)
0 to 30	$ 1,722	$ 1,912	$ (190)
31 to 60	1,177	1,233	(56)
61 to 90	784	866	(82)
91 to 120	—	—	—
121 to 180	186	191	(5)
More than 180	193	200	(7)
Total	$ 4,062	$ 4,402	$ (340)

NOTE 8 RELATED PARTY TRANSACTIONS

On March 14, 2011, we issued 27,000,000 shares of our Common Stock. Refer to Note 11. The 27,000,000 shares of our Common Stock issued include an aggregate of 3,733,000 shares of our Common Stock purchased by the Gamma Trust and Hsu Gamma at the public offering price. The Gamma Trust purchased an aggregate of 3,200,000 shares for approximately $12 million, and Hsu Gamma purchased an aggregate of 533,000 shares for approximately $1.9 million. Jefferies & Company, Inc. and J.P. Morgan Securities LLC acted as joint book-running managers for the offering. UBS Investment Bank and Lazard Capital Markets LLC acted as co-lead managers for

the offering and Ladenburg Thalmann & Co. Inc., a subsidiary of Ladenburg Thalmann Financial Services Inc., acted as co-manager for the offering. Dr. Frost is the Chairman of the Board of Directors and principal shareholder of Ladenburg Thalmann Financial Services Inc.

On January 28, 2011, we entered into a definitive agreement with CURNA and each of CURNA's stockholders and optionholders, pursuant to which we agreed to acquire all of the outstanding stock of CURNA in exchange for $10.0 million in cash, plus $0.6 million in liabilities, of which $0.5 million was paid at closing. At the time of the transaction, The Scripps Research Institute ("TSRI") owned approximately 4% of CURNA. Dr. Frost serves as Trustee for TSRI and Richard Lerner is its President.

We have a $12.0 million line of credit with the Frost Group. On June 2, 2010 we repaid all amounts outstanding on the line of credit including $12 million in principal and $4.1 million in interest. The line of credit, which previously expired on January 11, 2011, was renewed on February 22, 2011 until March 31, 2012 on substantially the same terms as those in effect at the time of expiration. We have the ability to draw funds under the line of credit until its expiration in March 2012. We are obligated to pay interest upon maturity, capitalized quarterly, on outstanding borrowings under the line of credit at an 11% annual rate. The line of credit is collateralized by all of our U.S. personal property except our intellectual property.

In November 2010, we made an investment in Fabrus, a privately held early stage biotechnology company with next generation therapeutic antibody drug discovery and development capabilities. In exchange for the investment, we acquired approximately 13% of Fabrus' outstanding membership interests on a fully diluted basis. Our investment was part of a $2.1 million financing for Fabrus. Other investors participating in the financing include the Gamma Trust and Hsu Gamma. In connection with the financing, Drs. Frost and Hsiao joined the Fabrus Board of Managers. Dr. Richard Lerner, a director of the Company, owns approximately 5% of Fabrus. Vaughn Smider, Founder and CEO of Fabrus, is an Assistant Professor at TSRI. Dr. Frost serves as a Trustee for TSRI, and Richard Lerner serves as its President.

On July 20, 2010, we entered into a use agreement with TRSI for approximately 1,100 square feet of space in Jupiter, Florida to house our molecular diagnostics operations. Dr. Frost serves as a trustee for TSRI and Richard Lerner serves as its president. Pursuant to the terms of the use agreement, which is effective as of November 1, 2009, gross rent is approximately $40 thousand per year for a two-year term which may be extended upon mutual agreement for one additional year.

On June 1, 2010, the Company entered into a cooperative research and development agreement with Academia Sinica in Taipei, Taiwan ("Academia Sinica"), for pre-clinical work for a compound against various forms of cancer. Dr. Alice Yu, a member of our board of directors, is a Distinguished Research Fellow and Associate Director at the Genomics Research Center, Academia Sinica ("Genomics Research Center"). In connection with the agreement, we are required to pay Academia Sinica approximately $0.2 million over the term of the agreement.

Effective March 5, 2010, the Frost Group assigned two license agreements with Academia Sinica to the Company. The license agreements pertain to alpha-galactosyl ceramide analogs and their use as immunotherapies and peptide ligands in the diagnosis and treatment of cancer. In connection with the assignment of the two licenses, the Company agreed to reimburse the Frost Group for the licensing fees previously paid by the Frost Group to Academia Sinica in the amounts of $50 thousand and $75 thousand, respectively, as well as reimbursement of certain expenses of $50 thousand.

Effective September 21, 2009, we entered into an agreement pursuant to which we invested $2.5 million in Cocrystal in exchange for 1,701,723 shares of Cocrystal's Convertible Series A Preferred Stock. A group of investors, led by the Frost Group (the "CoCrystal Investors"), previously invested $5 million in Cocrystal, and agreed to invest an additional $5 million payable in two equal installments in September 2009 and March 2010. As a result of an amendment to the CoCrystal Investors agreements dated June 9, 2009, OPKO, rather than the CoCrystal Investors, made the first installment investment ($2.5 million) on September 21, 2009. Refer to Note 5.

On July 20, 2009, we entered into a worldwide exclusive license agreement with Academia Sinica in Taipei, Taiwan, for a new technology to develop protein vaccines against influenza and other viral infections. Dr. Alice Yu, a member of our board of directors, is a Distinguished Research Fellow and Associate Director at the Genomics Research Center. In connection with the license, the Company paid to Academia Sinica an upfront licensing fee and agreed to pay royalties and other payments on the occurrence of certain development milestones.

On June 16, 2009, we entered into an agreement to lease approximately 10,000 square feet of space in Hialeah, Florida to house manufacturing and service operations for our ophthalmic instrumentation business (the "Hialeah Facility") from an entity controlled by Dr. Frost and Dr. Jane Hsiao. Pursuant to the terms of a lease agreement, which is effective as of February 1, 2009, gross rent is $0.1 million per year for a one-year lease and was extended through February 1, 2011.

On June 10, 2009, we entered into a stock purchase agreement with Sorrento, pursuant to which we invested $2.3 million in Sorrento. Refer to Note 5. In exchange for the investment, we acquired approximately one-third of the outstanding common shares of Sorrento and received a fully-paid, exclusive license to the Sorrento antibody library for the discovery and development of therapeutic antibodies in the field of ophthalmology. On September 21, 2009, Sorrento entered into a merger transaction with Quikbyte Software, Inc. Prior to the merger transaction, certain investors, including Dr. Frost and other members of OPKO management, made an investment in Quikbyte. Dr. Richard Lerner, a member of our Board of Directors, serves as a consultant and scientific advisory board member to Sorrento and owns less than one percent of its shares.

In November 2007, we entered into an office lease with Frost Real Estate Holdings, LLC, an entity affiliated with Dr. Frost. The lease is for approximately 8,300 square feet of space in an office building in Miami, Florida, where the Company's principal executive offices are located. The lease provides for payments of approximately $18 thousand per month in the first year increasing annually to $24 thousand per month in the fifth year, plus applicable sales tax. The rent is inclusive of operating expenses, property taxes and parking. The rent for the first year was reduced to reflect a $30 thousand credit for the costs of tenant improvements.

On September 19, 2007, we entered into an exclusive technology license agreement with Winston Laboratories, Inc. ("Winston"). On February 23, 2010, we provided Winston notice of termination of the license agreement, and the agreement terminated on May 24, 2010. Previously, members of the Frost Group beneficially owned approximately 30% of Winston Pharmaceuticals, Inc., and Dr. Uppaluri, our Chief Financial Officer, served as a member of Winston's board. Effective May 19, 2010, the members of the Frost Group sold 100% of Winston's capital stock beneficially owned by them (consisting of an aggregate of 18,399,271 outstanding shares of common stock and warrants to purchase an aggregate of 8,958,975 shares of common stock) to an entity whose members include Dr. Joel E. Bernstein, the President and Chief Executive Officer of Winston. As consideration for the sale, the Frost Group members received an aggregate of $789,500 in cash and non-recourse promissory notes in the aggregate principal amount of $10,263,500. Dr. Uppaluri resigned from the Winston board effective May 19, 2010. In connection with the license agreement, we reimbursed Winston $29 thousand, and $3 thousand in the years ended December 31, 2009 and 2008, respectively, for services provided by Winston personnel to assist us with the clinical program for the product we licensed.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost in an amount equal to the cost of a first class airline ticket between the travel cities for each executive, including Dr. Frost, traveling on the airplane for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive; nor do we pay for any other fixed or variable operating costs of the airplane. For the three months ended March 31, 2011 and 2010, we reimbursed Dr. Frost approximately $57 thousand and $18 thousand, respectively, for Company-related travel by Dr. Frost and other OPKO executives.

NOTE 9 COMMITMENTS AND CONTINGENCIES

In connection with our acquisition of CURNA, we agreed to pay a portion of future consideration to the CURNA sellers if we license or partner the CURNA technology with a third party including, license fees, upfront payments, royalties and milestone payments. As a result, we recorded $0.6 million, as contingent consideration for the future consideration. Refer to Note 5.

On January 7, 2010, we received a letter from counsel to Nidek Co., Ltd. ("Nidek") alleging that Ophthalmic Technologies, Inc. ("OTI") or OPKO breached its service obligations to Nidek under the Service Agreement between OTI, Nidek and Newport Corporation, dated December 29, 2006, and the Service Agreement by and between Nidek and OTI, dated the same date. We entered into a settlement agreement in April 2011 which resolved all disputes between the Company and Nidek and released us from any future service obligation to Nidek. The settlement did not have a material impact on our results of operations or financial condition.

On May 6, 2008, we completed the acquisition of Vidus Ocular, Inc. ("Vidus"). Pursuant to a Securities Purchase Agreement with Vidus, each of its stockholders, and the holders of convertible promissory notes issued by

Vidus, we acquired all of the outstanding stock and convertible debt of Vidus in exchange for (i) the issuance and delivery at closing of 658,080 shares of our Common Stock (the "Closing Shares"); (ii) the issuance of 488,420 shares of our Common Stock to be held in escrow pending the occurrence of certain development milestones (the "Milestone Shares"); and (iii) the issuance of options to acquire 200,000 shares of our Common Stock. Additionally, in the event that the stock price for our Common Stock at the time of receipt of approval or clearance by the U.S. Food & Drug Administration of a pre-market notification 510(k) relating to the Aquashunt™ is not at or above a specified price, we will be obligated to issue an additional 413,850 shares of our Common Stock.

We are a party to other litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial condition, or results of operations.

NOTE 10 SEGMENTS

We currently manage our operations in two reportable segments, pharmaceutical and instrumentation segments. The pharmaceutical segment consists of two operating segments, our (i) pharmaceutical research and development segment which is focused on the research and development of pharmaceutical products, diagnostic tests and vaccines, and (ii) the pharmaceutical operations we acquired in Chile and Mexico through the acquisition of OPKO Chile and Exakta-OPKO. The instrumentation segment consists of ophthalmic instrumentation products and the activities related to the research, development, manufacture and commercialization of those products. There are no inter-segment sales. We evaluate the performance of each segment based on operating profit or loss. There is no inter-segment allocation of interest expense and income taxes.

Information regarding our operations and assets for the two segments and the unallocated corporate operations as well as geographic information are as follows:

(in thousands)	For the three months ended March 31, 2011	2010
Product sales		
Pharmaceutical	$ 6,937	$ 5,312
Instrumentation	1,698	2,610
	$ 8,635	$ 7,922
Operating loss		
Pharmaceutical	$ (1,019)	$ (644)
Instrumentation	(955)	(936)
Corporate	(3,112)	(2,486)
	$ (5,086)	$ (4,066)
Depreciation and amortization		
Pharmaceutical	$ 824	$ 514
Instrumentation	130	444
Corporate	43	13
	$ 997	$ 971
Product sales		
United States	$ 264	$ 197
Chile	5,756	4,937
Mexico	1,199	401
All others	1,416	2,387
	$ 8,635	$ 7,922

	As of March 31, 2011	December 31, 2010
Assets		
Pharmaceutical	$ 59,503	$ 51,599
Instrumentation	9,126	8,637
Corporate	107,678	17,610
	$176,307	$ 77,846

During the three months ended March 31, 2011, our largest customer represented 12% of our total revenue. During the three months ended March 31, 2010, our two largest customers represented 17%, and 10%, respectively, of our revenue. As of March 31, 2011, one customer represented 30% of our accounts receivable balance. As of December 31, 2010, two customers represented 32% and 11%, respectively, of our accounts receivable balance.

NOTE 11 ISSUANCE OF COMMON STOCK

On March 14, 2011, we issued 27,000,000 shares of our Common Stock in a public offering at a price of $3.75 per share. We also granted the underwriters a 30-day option to purchase up to an additional 4,050,000 shares of our Common Stock to cover overallotments, if any. On March 15, 2011, representatives for the underwriters provided us notice that the underwriters exercised a portion of their 4,050,000 share over-allotment option for 2,397,029 additional shares of our Common Stock.

The following table reflects the proceeds received from the issuance of shares:

(in thousands, except share amounts)	Shares	Dollars
Original issuance	27,000,000	$101,250
Over-allotment	2,397,029	8,989
Total	29,397,029	110,239
Underwriters discount and commissions(1)	5.5% on 24,064,029 shares	(4,963)
Offering expenses		(448)
Net proceeds		$104,828

(1) The underwriters will not receive any underwriting discount or commissions on the sale of 5,333,000 shares of common stock to entities associated with certain stockholders, including two of our directors and executive officers. Refer to Note 8.

NOTE 12 SUBSEQUENT EVENTS

On or about May 3, 2011, we initiated the redemption of our Series A Preferred Stock. Holders of our Series A Preferred Stock have until May 30, 2011 to elect to convert their Series A Preferred Shares into shares of our Common Stock, which convert on a 1:1 basis. The closing price of our Common Stock on May 2, 2011 was $3.91. On June 3, 2011, we will redeem all of our outstanding Series A Preferred Stock for their redemption amount of $2.50, plus unpaid accrued dividends of $0.35 per share. As of March 31, 2011 there were 722,700 shares of our Series A Preferred Stock outstanding, resulting in a potential cash payment of approximately $2.1 million if all of the Series A Preferred Stock remain outstanding as of June 3, 2011.

We have reviewed all subsequent events and transactions that occurred after the date of our March 31, 2011 consolidated balance sheet date, through the time of filing this Quarterly Report on Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

You should read this discussion together with the condensed consolidated financial statements, related Notes, and other financial information included elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2010 (the "Form 10-K"). The following discussion contains assumptions, estimates and other forward-looking statements that involve a number of risks and uncertainties, including those discussed under "Risk Factors," in Part II, Item 1A of our Form 10-K for the year ended December 31, 2010. These risks could cause our actual results to differ materially from those anticipated in these forward-looking statements.

We are a multi-national pharmaceutical and diagnostics company that seeks to establish industry-leading positions in large and rapidly growing medical markets by leveraging our discovery, development and commercialization expertise and our novel and proprietary technologies. Our current focus is on conditions with major unmet medical needs including neurological disorders, infectious diseases, oncology and ophthalmologic diseases. We are developing a range of solutions to diagnose, treat and prevent these conditions, including molecular diagnostics tests, proprietary pharmaceuticals and vaccines. We plan to commercialize these solutions on a global basis in large and high growth markets, including emerging markets. We have already established emerging markets pharmaceutical platforms in Chile and Mexico, which are delivering revenue and which we expect to deliver cash flow and facilitate future market entry for our products currently in development. We also actively explore opportunities to acquire complementary pharmaceuticals, compounds, technologies, and businesses.

We expect to incur substantial losses as we continue the development of our product candidates, continue our other research and development activities, and establish a sales and marketing infrastructure in anticipation of the commercialization of our diagnostic and pharmaceutical product candidates. We currently have limited commercialization capabilities, and it is possible that we may never successfully commercialize any of our diagnostic and pharmaceutical product candidates. We do not currently generate revenue from any of our diagnostic and pharmaceutical product candidates. Our research and development activities are budgeted to expand over a period of time and will require further resources if we are to be successful. As a result, we believe that our operating losses are likely to be substantial over the next several years. We may need to obtain additional funds to further develop our research and development programs, and there can be no assurance that additional capital will be available to us when needed on acceptable terms, or at all.

RECENT DEVELOPMENTS

On March 14, 2011, we issued 27,000,000 shares of our Common Stock in a public offering at a price of $3.75 per share. We also granted the underwriters a 30-day option to purchase up to an additional 4,050,000 shares of our Common Stock to cover overallotments, if any. On March 15, 2011, representatives for the underwriters provided us notice that the underwriters exercised a portion of their 4,050,000 share over-allotment option for 2,397,029 additional shares of our Common Stock. We received approximately $104.8 million in net proceeds from the issuance of 29,397,029 shares of our Common Stock after deducting the underwriters' discounts and commissions and other estimated offering expenses.

On January 31, 2011, we acquired all of the outstanding stock of CURNA, Inc. ("CURNA"), a privately held therapeutics company, in exchange for $10.0 million in cash, plus $0.6 million in liabilities, of which, $0.5 million was paid at closing. In addition to the cash consideration, we have agreed to pay to the CURNA sellers a portion of any consideration we receive in connection with certain license, partnership or collaboration agreements we may enter into with third parties in the future relating to the CURNA technology, including, license fees, upfront payments, royalties and milestone payments. CURNA is engaged in the discovery of new drugs for the treatment of a wide variety of illnesses, including cancer, heart disease, metabolic disorders and a range of genetic anomalies.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

Revenue. Revenue for the three months ended March 31, 2011, was $8.6 million, compared to $7.9 million for the comparable 2010 period. The increase in revenue during the first three months of 2011 is primarily due to revenue from our OPKO Chile and Exakta-OPKO pharmaceutical businesses. We acquired Exakta-OPKO in February 2010, and as a result, the 2010 period reflects revenue only after the acquisition occurred. Revenue from

our instrumentation business decreased from the 2010 period, primarily as a result of decreased demand from our international customers for our OCT/SLO product.

Gross margin. Gross margin for the three months ended March 31, 2011, was $3.0 million compared to $2.4 million for the comparable period of 2010. Gross margin for the three months ended March 31, 2011, increased from the 2010 period primarily as a result of the increased gross margin generated by our pharmaceutical businesses in Chile and Mexico, partially offset by decreased revenue and resulting decreased gross margin generated by our instrumentation business.

Selling, general and administrative expense. Selling, general and administrative expense for the three months ended March 31, 2011, was $5.6 million compared to $4.2 million of expense for the comparable period of 2010. The increase in selling, general and administrative expenses is primarily the result of increased warehousing and distribution costs for our Chilean operations, increased equity based compensation expense and a full period of selling, general and administrative expenses for our operations in Mexico. Selling, general and administrative expenses during the first three months of 2011 and 2010 primarily include personnel expenses, including equity-based compensation expense of $1.4 million and $1.0 million, respectively, and professional fees.

Research and development expense. Research and development expense during the three months ended March 31, 2011 and 2010, was $1.6 million and $1.3 million, respectively. The increase in research and development expense primarily is the result of increased personnel expenses including equity based compensation expense. The three months ended March 31, 2011 and 2010, include equity-based compensation expense of $0.4 million and $0.2 million, respectively. During the three months ended March 31, 2011, research and development expense primarily consisted of activities related to our molecular diagnostics development program, research and development expense for our instrumentation business including the development of next generation devices, and development of the technology acquired from CURNA. Research and development expense for the three month period ended March 31, 2010 primarily included activities related to our rolapitant development program, which we out licensed in December 2010, our molecular diagnostics development program and research and development activities for our instrumentation business.

Other operating expenses. Other operating expenses was $0.9 million for the three months ended March 31, 2011 and March 31, 2010. Other operating expenses primarily include the amortization of intangible assets. Amortization expense during the three months ended March 31, 2011 includes the amortization expense of the CURNA intangible assets acquired in January 2011, offset by a portion of the OTI intangible assets that fully amortized in November 2010.

Other income and expenses. Other income, net was $38 thousand for the first three months of 2011 compared to other expense, net of $0.3 million for the comparable 2010 period. Other income primarily consists of interest earned on our cash and cash equivalents and other expense primarily reflects the interest incurred on our line of credit with The Frost Group LLC (the “Frost Group”). On June 2, 2010, we repaid all amounts outstanding on the Frost Group line of credit including $12.0 million in principal and $4.1 million in interest. The Frost Group members include a trust controlled by Dr. Frost, who is the Company’s Chief Executive Officer and Chairman of the board of directors, Dr. Jane H. Hsiao, who is the Vice Chairman of the board of directors and Chief Technical Officer, Steven D. Rubin who is Executive Vice President — Administration and a director of the Company and Rao Uppaluri who is the Chief Financial Officer of the Company.

Income taxes. Our income tax provision reflects the income tax payable in Chile and Mexico. We have recorded a full valuation allowance against our deferred tax assets in the U.S.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2011, we had cash, cash equivalents and marketable securities of approximately $107.9 million. Cash used in operations during 2011 primarily reflects expenses related to research and development activities, selling, general and administrative activities related to our corporate and instrumentation operations, as well as our operations in Chile and Mexico. Since our inception, we have not generated sufficient gross margins to offset our operating and other expenses and our primary source of cash has been from the sale of our stock and credit facilities available to us.

On March 14, 2011, we issued 27,000,000 shares of our Common Stock in a public offering at a price of $3.75 per share. We also granted the underwriters a 30-day option to purchase up to an additional 4,050,000 shares of our Common Stock to cover overallotments, if any. On March 15, 2011, representatives for the underwriters provided

us notice that the underwriters exercised a portion of their 4,050,000 share over-allotment option for 2,397,029 additional shares of our Common Stock. We received approximately $104.8 million, net, from the issuance of 29,397,029 shares of our Common Stock.

On January 31, 2011, we acquired all of the outstanding stock of CURNA in exchange for $10.0 million in cash, plus $0.6 million in liabilities, of which, $0.5 million was paid at closing. In addition to the cash consideration, we have agreed to pay to the CURNA sellers a portion of any consideration we receive in connection with certain license, partnership or collaboration agreements we may enter into with third parties in the future relating to the CURNA technology, including, license fees, upfront payments, royalties and milestone payments. As a result, we recorded $0.6 million, as contingent consideration for the future consideration. CURNA is engaged in the discovery of new drugs for the treatment of a wide variety of illnesses, including cancer, heart disease, metabolic disorders and a range of genetic anomalies.

We have outstanding lines of credit in the aggregate amount of $18.9 million with seven financial institutions in Chile, of which, $4.3 million is unused. These lines of credit are used primarily as a source of working capital and for inventory purchases. The average interest rate on these lines of credit is approximately 3%. These lines of credit are short term and are generally due within three months. The highest balance at any time during the three months ended March 31, 2011, was $14.8 million. We intend to continue to enter into these lines of credit as needed. There is no assurance that this or other funding sources will be available to us on acceptable terms, or at all.

We currently have an unutilized $12.0 million line of credit with the Frost Group. The line of credit, which previously expired on January 11, 2011, was renewed on February 22, 2011 on substantially the same terms as those in effect at the time of expiration. We are obligated to pay interest upon maturity, capitalized quarterly, on outstanding borrowings under the line of credit at an 11% annual rate, which is due March 31, 2012. The line of credit is collateralized by all of our U.S. based personal property except our intellectual property.

We expect to incur losses from operations for the foreseeable future. We expect to incur substantial research and development expenses, including expenses related to the hiring of personnel and additional clinical trials. We expect that selling, general and administrative expenses will also increase as we expand our sales, marketing and administrative staff and add infrastructure.

We believe the cash, cash equivalents, and marketable securities on hand at March 31, 2011 and the amounts available to be borrowed under our lines of credit are sufficient to meet our anticipated cash requirements for operations and debt service beyond the next 12 months. We based this estimate on assumptions that may prove to be wrong or are subject to change, and we may be required to use our available cash resources sooner than we currently expect. If we acquire additional assets or companies, accelerate our product development programs or initiate additional clinical trials, we will need additional funds. Our future cash requirements will depend on a number of factors, including possible acquisitions, the continued progress of research and development of our product candidates, the timing and outcome of clinical trials and regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending, and enforcing patent claims and other intellectual property rights, the status of competitive products, and our success in developing markets for our product candidates. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of, or eliminate one or more of our clinical trials or research and development programs.

We intend to finance additional research and development projects, clinical trials and our future operations with a combination of available cash on hand, payments from potential strategic research and development, licensing and/or marketing arrangements, public offerings, private placements, debt financing and revenues from future product sales, if any. There can be no assurance, however, that additional capital will be available to us on acceptable terms, or at all.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Equity-based compensation. We recognize equity based compensation as an expense in our financial statements and that cost is measured at the fair value of the award and expensed over their vesting period. Equity-based compensation arrangements to non-employees are recorded at their fair value on the measurement date. We

estimate the grant-date fair value of our stock option grants using a valuation model known as the Black-Scholes-Merton formula or the "Black-Scholes Model" and allocate the resulting compensation expense over the corresponding requisite service period associated with each grant. The Black-Scholes Model requires the use of several variables to estimate the grant-date fair value of stock options including expected term, expected volatility, expected dividends and risk-free interest rate. We perform significant analyses to calculate and select the appropriate variable assumptions used in the Black-Scholes Model. We also perform significant analyses to estimate forfeitures of equity-based awards. We are required to adjust our forfeiture estimates on at least an annual basis based on the number of share-based awards that ultimately vest. The selection of assumptions and estimated forfeiture rates is subject to significant judgment and future changes to our assumptions and estimates may have a material impact on our Consolidated Financial Statements.

Goodwill and intangible assets. The allocation of the purchase price for acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the identifiable tangible and intangible assets acquired, including in-process research and development, and liabilities assumed based on their respective fair values. Additionally, we must determine whether an acquired entity is considered to be a business or a set of net assets, because a portion of the purchase price can only be allocated to goodwill in a business combination.

Appraisals inherently require significant estimates and assumptions, including but not limited to, determining the timing and estimated costs to complete the in-process research and development projects, projecting regulatory approvals, estimating future cash flows, and developing appropriate discount rates. We believe the estimated fair values assigned to the CURNA assets acquired and liabilities assumed are based on reasonable assumptions. However, the fair value estimates for the purchase price allocation may change during the allowable allocation period, which is up to one year from the acquisition date, if additional information becomes available that would require changes to our estimates.

Allowance for doubtful accounts and revenue recognition. Generally, we recognize revenue from product sales when goods are shipped and title and risk of loss transfer to our customers. Certain of our products are sold directly to end-users and require that we deliver, install and train the staff at the end-users' facility. As a result, we do not recognize revenue until the product is delivered, installed and training has occurred. Return policies in certain international markets for our medical device products provide for stringent guidelines in accordance with the terms of contractual agreements with customers. Our estimates for sales returns are based upon the historical patterns of products returned matched against the sales from which they originated, and management's evaluation of specific factors that may increase the risk of product returns. We analyze accounts receivable and historical bad debt levels, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts using the specific identification method. Our reported net loss is directly affected by management's estimate of the collectability of accounts receivable. The allowance for doubtful accounts recognized in our consolidated balance sheets at March 31, 2011 and December 31, 2010 was $1.2 million and $1.2 million, respectively.

Recent accounting pronouncements. In December 2010, the FASB issued an amendment to the disclosure of supplementary pro forma information for business combinations. The amendment specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendment also expands the supplemental pro forma disclosures under current accounting guidance to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendment is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of this amendment did not have a material impact on our financial statement disclosures.

In December 2010, the FASB issued an amendment to the accounting for goodwill impairment tests. The amendment modifies Step 1 of the impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance. The amendment is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of this amendment did not have a material impact on our results of operations or financial condition.

In December 2010, the FASB issued an amendment to the accounting for annual excise taxes paid to the federal government by pharmaceutical manufacturers under health care reform. The liability for the fee should be estimated and recorded in full upon the first qualifying branded prescription drug sale with a corresponding deferred cost that is amortized to expense using a straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. The amendment is effective for calendar years beginning after December 31, 2010, when the fee initially becomes effective. As we currently do not manufacture pharmaceutical products in the United States, we do not expect the adoption of this amendment to have a material impact on our results of operations or financial condition.

In March 2010, the FASB reached a consensus to issue an amendment to the accounting for revenue arrangements under which a vendor satisfies its performance obligations to a customer over a period of time, when the deliverable or unit of accounting is not within the scope of other authoritative literature, and when the arrangement consideration is contingent upon the achievement of a milestone. The amendment defines a milestone and clarifies whether an entity may recognize consideration earned from the achievement of a milestone in the period in which the milestone is achieved. This amendment is effective for fiscal years beginning on or after June 15, 2010, with early adoption permitted. We adopted this amendment prospectively for milestones achieved after January 1, 2011. This amendment did not have a material impact on our results of operation or financial condition.

In October 2009, the FASB issued an amendment to the accounting for multiple-deliverable revenue arrangements. This amendment provides guidance on whether multiple deliverables exist, how the arrangements should be separated, and how the consideration paid should be allocated. As a result of this amendment, entities may be able to separate multiple-deliverable arrangements in more circumstances than under existing accounting guidance. This guidance amends the requirement to establish the fair value of undelivered products and services based on objective evidence and instead provides for separate revenue recognition based upon management's best estimate of the selling price for an undelivered item when there is no other means to determine the fair value of that undelivered item. The existing guidance previously required that the fair value of the undelivered item reflect the price of the item either sold in a separate transaction between unrelated third parties or the price charged for each item when the item is sold separately by the vendor. If the fair value of all of the elements in the arrangement was not determinable, then revenue was deferred until all of the items were delivered or fair value was determined. We adopted this amendment prospectively for revenue arrangements entered into or materially modified after January 1, 2011. This amendment did not have a material impact on our results of operation or financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of doing business, we are exposed to the risks associated with foreign currency exchange rates and changes in interest rates.

Foreign Currency Exchange Rate Risk — Although we do not speculate in the foreign exchange market, we may from time to time manage exposures that arise in the normal course of business related to fluctuations in foreign currency exchange rates by entering into offsetting positions through the use of foreign exchange forward contracts. Certain firmly committed transactions are hedged with foreign exchange forward contracts. As exchange rates change, gains and losses on the exposed transactions are partially offset by gains and losses related to the hedging contracts. Both the exposed transactions and the hedging contracts are translated at current spot rates, with gains and losses included in earnings.

Our derivative activities, which consist of foreign exchange forward contracts, are initiated to hedge forecasted cash flows that are exposed to foreign currency risk. The foreign exchange forward contracts generally require us to exchange local currencies for foreign currencies based on pre-established exchange rates at the contracts' maturity dates. As exchange rates change, gains and losses on these contracts are generated based on the change in the exchange rates that are recognized in the consolidated statement of operations at maturity, and offset the impact of the change in exchange rates on the foreign currency cash flows that are hedged. If the counterparties to the exchange contracts do not fulfill their obligations to deliver the contracted currencies, we could be at risk for currency related fluctuations. We enter into these contracts with counterparties that we believe to be creditworthy and do not enter into any leveraged derivative transactions. We had $4.1 million in foreign exchange forward contracts outstanding at March 31, 2011, primarily to hedge Chilean-based operating cash flows against US dollars. If Chilean Pesos were to strengthen in relation to the US dollar, our hedged foreign currency cash-flows expense would be offset by a loss on the derivative contracts, with a net effect of zero.

We do not engage in trading market risk sensitive instruments or purchasing hedging instruments or "other than trading" instruments that are likely to expose us to significant market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk.

Interest Rate Risk — Our exposure to market risk relates to our cash and investments and to our borrowings. We maintain an investment portfolio of money market funds and treasury securities. The securities in our investment portfolio are not leveraged, and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that a change in market interest rates would have a significant negative impact on the value of our investment portfolio except for reduced income in a low interest rate environment. At March 31, 2011, we had cash, cash equivalents and marketable securities of $107.9 million. The weighted average interest rate related to our cash and cash equivalents for the three months ended March 31, 2011 was 0%. As of March 31, 2011, the principal value of our credit lines was $14.6 million, and have a weighted average interest rate of approximately 3%.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest our excess cash in debt instruments of the U.S. Government and its agencies, bank obligations, repurchase agreements and high-quality corporate issuers and money market funds that invest in such debt instruments, and, by policy, restrict our exposure to any single corporate issuer by imposing concentration limits. To minimize the exposure due to adverse shifts in interest rates, we maintain investments at an average maturity of generally less than one month.

Item 4. Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Securities and Exchange Commission ("SEC") Rule 13a-15(e) as of March 31, 2011. Based on that evaluation, CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information the Company is required to disclose in reports that it files or submits under the Securities Exchange Act is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

There have been no changes to the Company's internal control over financial reporting that occurred during the Company's first quarter of 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial condition or results of operations.

Item 1A. Risk Factors

There have been no material changes from the risk factors as previously disclosed in the Item 1A of the Company Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits.

Exhibit 1.1[7]	Underwriting Agreement dated March 9, 2011, by and among OPKO Health, Inc., Jefferies & Company, Inc. and J.P. Morgan Securities LLC, as representatives for the underwriters named therein.
Exhibit 2.1[1]	Merger Agreement and Plan of Reorganization, dated as of March 27, 2007, by and among Acuity Pharmaceuticals, Inc., Froptix Corporation, eXegenics, Inc., e-Acquisition Company I-A, LLC, and e-Acquisition Company II-B, LLC.
Exhibit 2.2[4]+	Securities Purchase Agreement dated May 6, 2008, among Vidus Ocular, Inc., OPKO Instrumentation, LLC, OPKO Health, Inc., and the individual sellers and noteholders named therein.
Exhibit 2.3[8]	Purchase Agreement, dated February 17, 2010, among Ignacio Levy García and José de Jesús Levy García, Inmobiliaria Chapalita, S.A. de C.V., Pharmacos Exakta, S.A. de C.V., OPKO Health, Inc., OPKO Health Mexicana S. de R.L. de C.V., and OPKO Manufacturing Facilities S. de R.L. de C.V.
Exhibit 2.4+	Agreement and Plan of Merger, dated January 28, 2011, among CURNA Inc., KUR, LLC, OPKO Pharmaceuticals, LLC, OPKO CURNA, LLC, and certain individuals named therein.
Exhibit 3.1[2]	Amended and Restated Certificate of Incorporation.
Exhibit 3.2[3]	Amended and Restated By-Laws.
Exhibit 4.1[1]	Form of Common Stock Warrant.
Exhibit 10.1	Amendment No. 2 to the Credit Agreement dated March 27, 2007, as amended, with the Frost Group, LLC.
Exhibit 10.2	Third Amended and Restated Subordinated Note and Security Agreement, dated February 22, 2011, with the Frost Group, LLC.
Exhibit 31.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.
Exhibit 31.2	Certification by Rao Uppaluri, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.

Exhibit 32.1	Certification by Phillip Frost, Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.
Exhibit 32.2	Certification by Rao Uppaluri, Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.

+ Certain confidential material contained in the document has been omitted and filed separately with the Securities and Exchange Commission.

(1) Filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 2, 2007, and incorporated herein by reference.

(2) Filed with the Company's Current Report on Form 8-A filed with the Securities and Exchange Commission on June 11, 2007, and incorporated herein by reference.

(3) Filed with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2008 and incorporated herein by reference.

(4) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 8, 2008 for the Company's three-month period ended June 30, 2008, and incorporated herein by reference.

(6) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2008 for the Company's three-month period ended September 30, 2008, and incorporated herein by reference.

(7) Filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2011, and incorporated herein by reference.

(8) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 10, 2010 for the Company's three-month period ended March 31, 2010, and incorporated herein by reference.

SIGNATURES

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

Date: May 9, 2011

OPKO Health, Inc.

/s/ Adam Logal
Adam Logal
Executive Director of Finance, Chief Accounting Officer and Treasurer

Exhibit Index

Exhibit Number	Description
Exhibit 2.4(+)	Agreement and Plan of Merger, dated January 28, 2011, among CURNA Inc., KUR, LLC, OPKO Pharmaceuticals, LLC, OPKO CURNA, LLC, and certain individuals named therein.
Exhibit 10.1	Amendment No. 2 to the Credit Agreement dated March 27, 2007, as amended, with the Frost Group, LLC.
Exhibit 10.2	Third Amended and Restated Subordinated Note and Security Agreement, dated February 22, 2011, with the Frost Group, LLC.
Exhibit 31.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.
Exhibit 31.2	Certification by Rao Uppaluri, Chief Financial Officer, pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.
Exhibit 32.1	Certification by Phillip Frost, Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.
Exhibit 32.2	Certification by Rao Uppaluri, Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 31, 2011.

CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSIONS

Exhibit 2.4

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (the "Agreement") is entered into as of January 28, 2011, among CURNA, INC., a corporation organized under the laws of Delaware (the "Company"), the individuals or entities listed on Schedules 2.3(b)(i) and 2.3(b)(ii) attached hereto (individually a "Seller" and collectively the "Sellers"), KUR, LLC, a Florida limited liability company, and the entity designated as the Sellers' Representative herein, OPKO Pharmaceuticals, LLC, a Delaware limited liability company ("Buyer"), and OPKO CURNA LLC, a Delaware limited liability company and wholly-owned subsidiary of Buyer ("Merger Sub").

RECITALS

A. The Company is engaged in the discovery of new drugs for the treatment of a wide variety of human illness, metabolic disorders, and genetic anomalies.

B. The parties desire to effect an acquisition of the Company by Buyer through a merger of the Company with and into Merger Sub on the terms and conditions specified herein.

NOW, **THEREFORE**, in consideration of the recitals and the respective mutual covenants, representations, warranties and agreements contained in this Agreement, the parties agree as set forth below.

ARTICLE 1

Definitions

In addition to terms defined elsewhere in this Agreement, the following terms when used in this Agreement shall have the meanings indicated below:

"Affiliate" of a specified Person means a Person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the specified Person. As used in the foregoing sentence, the term "control" (including, with correlative meaning, the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, or such other relationship as, in fact, constitutes actual control.

"Agreement" means this Agreement together with all exhibits and schedules referred to herein.

"Closing Date" means the date on which the Certificate of Merger is filed with the Secretary of State of Delaware, or such other closing date as may be mutually agreed to among the parties in writing.

"Closing Date Payment" shall mean the sum of the amounts payable to the Paying Agent at the Effective Time on the Closing Date pursuant to Sections 2.3(b)(i) and 2.3(b)(ii).

"Company Intellectual Property" means the Intellectual Property owned by the Company.

"Company IP Agreements" means (a) licenses of Intellectual Property by the Company to any third party, (b) licenses of Intellectual Property by any third party to the Company, (c) agreements between the Company and any third party relating to the development or use of Intellectual Property, and (d) consents, settlements, decrees, orders, injunctions, judgments or rulings governing the use, validity or enforceability of Company Intellectual Property.

"Contracts" means all contracts, agreements, covenants, commitments and other instruments of any kind, whether oral or written, to which the Company is a party or to which the assets or properties of the Company are bound.

"Deferred Merger Consideration" means the portion of the Merger Consideration determined in accordance with Schedule 2.3(b)(iii).

"Effective Time Payables" means those liabilities and obligations of the Company, not to exceed $600,000 in the aggregate, to be paid or assumed by the Buyer at the Effective Time as provided in Section 2.3(d).

"Environmental Laws" means any domestic or foreign statute, law, ordinance, regulation, rule, code or order and any enforceable judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of the environment or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Guaranty" means, as to any Person, any contract, agreement or understanding of such Person pursuant to which such Person guarantees the indebtedness, liabilities or obligations of others, directly or indirectly, in any manner, including agreements to purchase such indebtedness, liabilities or obligations, or to supply funds to or in any manner invest in others, or to otherwise assure the holder of such indebtedness, liabilities or obligations against loss.

"Hazardous Materials" means (a) any petroleum, petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials or polychlorinated byphenyls or (b) any chemical, material or substance defined or regulated as toxic or hazardous or as a pollutant or contaminant or waste under any applicable Environmental Law.

"Intellectual Property" means any or all of the following owned, used or controlled by the Company: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof; (b) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith; (d) all trade secrets and confidential business information (including databases, ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (e) all computer programs and software (including data and source and object codes and related documentation); (f) all other property rights and all licenses and sublicenses granted by or to the Company that relate to any of the foregoing; and (g) all copies and tangible embodiments thereof (in whatever form or medium).

"Knowledge" means, with respect to any representation or warranty or other statement in this Agreement qualified by the knowledge of the Company, the actual knowledge of each director or officer of the Company, and with respect to any representation or warranty or other statement in this Agreement qualified by the knowledge of any other party, the actual knowledge of the officer of the party responsible for such information, in each case, following a reasonable investigation as to the matters that are subject to such representation, warranty or other statement.

"Law" means any law, statute, ordinance, rule, regulation, order, writ, judgment or decree.

"Liabilities" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due), any and all actions, suits, proceedings, demands, liabilities, damages, claims, deficiencies, fines, penalties, interest, assessments, judgments, losses, Taxes, costs and expenses, including, without limitation, reasonable fees and disbursements of counsel and experts.

"Licensed Intellectual Property" means Intellectual Property licensed to the Company pursuant to the Company IP Agreements.

"Liens" means any liens, claims, charges, rights, pledges, security interests, mortgages, options, title defects or other encumbrances, restrictions or limitations of any nature whatsoever.

"Material Adverse Effect" means any change in or effect on the business of the Company that is, or could reasonably be expected to be, materially adverse to the business, assets (including intangible assets), liabilities (contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Company taken as a whole.

"Merger Consideration" has the meaning set forth in Section 2.3(a).

"Noteholder" means Joseph Collard.

"Notes" means those convertible promissory notes of the Company in favor of the Noteholder, dated June 1, 2009, March 1, 2010, September 20, 2010 and January 28, 2011, in the respective principal amounts of $1,000,000, $250,000, $350,000, and $310,000 (not yet documented by Note).

"Optionholders" means the individuals or entities who or which collectively own all of the issued and outstanding options, warrants or other rights to purchase or acquire any capital stock of the Company. The Optionholders are listed on Schedule 2.3(b)(ii) attached hereto.

"Organizational Documents" means any and all documents pursuant to which an entity is organized and/or operates under the applicable laws of its jurisdiction.

"Paying Agent" means Angell Corporate Services, Inc. ("Paying Agent"), as Paying Agent under that certain Paying Agent Agreement (the "Paying Agent Agreement") of even date among the Buyer, the Company and the Paying Agent.

"Percentage Interest" means the percentage interest of each Seller based on the number of shares of the Company's Common Stock held by such Shareholder or number of vested options to which such Optionholder is entitled, divided by the total number of outstanding shares of Common Stock and vested options, as shown on Schedules 2.3(b)(i) and 2.3(b)(ii).

"Person" means any natural person, corporation, limited liability corporation, unincorporated organization, partnership, association, joint stock company, joint venture, trust or government, or any agency or political subdivision of any government, or any other entity.

"Securities" means all of the issued and outstanding equity interests in the Company as of the Effective Time.

"Sellers" means, collectively, the Shareholders and the Optionholders.

"Seller's Representative" means KUR, LLC, a Florida limited liability company designated by the Sellers to act as the representative of the Sellers pursuant to this Agreement.

"Shareholders" means the individuals or entities who or which collectively own all of the issued and outstanding capital stock of the Company. The Shareholders are listed on Schedule 2.3(b)(i) attached hereto.

"Subsidiary" of a specified Person means a Person in which such Person owns, directly or indirectly, an equity interest of 50% or more, or any Person which may be controlled by, or under common control with the specified Person, whether through the ownership of Voting Securities, by contract or otherwise.

"Tax" means any national, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, all gross receipts, sales, use, *ad valorem*, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, assets, minimum income, environmental, customs, duties, real property, personal property, capital stock, social security obligations or contributions, unemployment, disability, payroll, license, employee or other withholding, or other tax or governmental charge, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing.

"Transaction Documents" means this Agreement, the Paying Agent Agreement and all other documents to be executed and delivered by either party pursuant to or in connection with this Agreement and consummation of the transactions contemplated hereby.

ARTICLE 2

The Merger; Consideration

2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the Delaware General Corporation Law ("DGCL"), the Company will be merged with and into Merger Sub in accordance with the DCGL (the "Merger") through the filing of a Certificate of Merger with the Secretary of State of the State of Delaware. The Merger shall become effective at such time as the Certificate of Merger have been duly filed or at such other time as specified in the Certificate of Merger (the "Effective Time")

2.2 Effect of the Merger. At the Effective Time, the separate existence of the Company shall cease, and Merger Sub shall (i) continue as the surviving entity of the Merger, (ii) be governed and continue its existence as a limited liability company formed under the laws of Delaware, and (iii) succeed to and assume all rights and obligations of the Company and Merger Sub in accordance with the DGCL. Merger Sub as the surviving entity after the Merger is hereinafter sometimes referred to as the "Surviving Entity."

2.3 Conversion of Securities of Company; Merger Consideration.

(a) In connection with the Merger, Buyer has agreed to pay an aggregate of (i) Ten Million Dollars plus (ii) the Deferred Merger Consideration payable pursuant to Section 2.3(b)(iii), less (iii) the amount payable pursuant to Section 2.3(b) (the "Merger Consideration").

(b) At the Effective Time, by virtue of the Merger and without any action on the part of Buyer, Merger Sub, the Company or their respective shareholders, all of the Securities of the Company issued and outstanding immediately prior to the Effective Time shall be canceled and converted automatically into the right to receive the Merger Consideration, payable as follows:

(i) An aggregate of $7,422,241.63, constituting a portion of the Closing Date Payment, shall be paid at the Effective Time to the Paying Agent for the benefit of the Shareholders pursuant to the Paying Agent Agreement, allocated among the Shareholders as set forth on Schedule 2.3(b)(i);

(ii) An aggregate of $243,571.00, constituting the balance of the Closing Date Payment, shall be paid at the Effective Time to the Paying Agent for the benefit of the Optionholders pursuant to the Paying Agent Agreement, allocated among the Optionholders as set forth on Schedule 2.3(b)(ii); and

(iii) A contingent amount, designated herein as the Deferred Merger Consideration, shall be payable to the Sellers' Representative at the times and in the amounts. determined in accordance with Schedule 2.3(b)(iii).

(c) At the Effective Time, Buyer shall, on behalf of the Company, pay to the Paying Agent for the benefit of the Noteholder pursuant to the Paying Agent Agreement, the sum of $2,121,938.67 (which represents the aggregate principal and interest outstanding on the Notes as of Closing), following which the Notes shall be deemed cancelled and paid in full and all obligations of the Company under the Notes shall be fully and finally satisfied and discharged.

(d) At the Effective Time, Buyer shall, on behalf of the Company, pay to the Paying Agent for the benefit of certain obligees of the Effective Time Payables the sum of $543,735.71, (which represents the amount of the Effective Time Payables listed on Schedule 2.3(d) to be paid at the Effective Time out of funds provided by the Buyer), to be applied by the Paying Agent to the satisfaction of the Effective Time Payables due at the Effective Time ("Closing Payables"), and pursuant to the Merger, the Buyer and Merger Sub shall assume and pay when and as due, the remaining Effective Time Payables of $54,285.98 listed on Schedule 2.3(d) to be paid after the Effective Time in the ordinary course ("Assumed Liabilities"). Except for the Closing Payables and Assumed Liabilities, and for liabilities incurred by the Company after Closing in the ordinary course pursuant to agreements disclosed in the Disclosure Schedules, neither Buyer, Merger Sub or the Company shall be responsible for any Liabilities of the Company, and such Liabilities shall reduce dollar for dollar the amount of the Merger Consideration otherwise payable to the Sellers. The Paying Agent shall be authorized pursuant to the Paying Agent Agreement to utilize $212,248.69 of the Closing Date Payment of the Merger Consideration payable pursuant to Section 2.3(b)(i) and 2.3(b)(ii) to pay the remaining balances of the Effective Time Payables due at the Effective Time, as shown on Schedule 2.3(d), and for the other uses and Liabilities identified on Schedule 2.3(d), totaling $755,984.40 (the "Seller Liabilities").

2.4 Certificate of Formation; Bylaws. At and as of the Effective Time, the Certificate of Formation of the Merger Sub as in effect immediately prior to the Effective Time shall be the Certificate of Formation of the Surviving Entity. At and as of the Effective Time, the limited liability company agreement of the Merger Sub as in effect immediately prior to the Effective Time shall be the limited liability company agreement of the Surviving Entity until amended or repealed in accordance with the provisions thereof and applicable law.

2.5 Directors and Officers. At and as of the Effective Time, the managers and officers of the Merger Sub immediately prior to the Effective Time shall be the managers and officers of the Surviving Entity and shall serve in such capacities until their respective successors are duly elected and qualified.

ARTICLE 3

Representations and Warranties of Buyer and Merger Sub

In order to induce the Company and the Shareholders to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer and Merger Sub make the representations and warranties set forth below to the Company and the Shareholders.

3.1 Organization. Each of Buyer and Merger Sub is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware. Buyer and Merger Sub are duly qualified or licensed to do business, and are in good standing, in each jurisdiction where the character of the properties owned, leased or operated by their or the nature of their businesses makes such qualification or licensing necessary. Buyer and Merger Sub have all requisite right, power and authority to (a) own or lease and operate their properties, (b) conduct their businesses as presently conducted and (c) engage in and consummate the transactions contemplated hereby.

3.2 Authorization; Enforceability. Each of Buyer and Merger Sub has all requisite right, power and authority to execute and deliver the Transaction Documents and to consummate the transactions contemplated thereby. The execution and delivery of the Transaction Documents by Buyer and Merger Sub and the consummation by Buyer and Merger Sub of the transactions contemplated thereby have been duly authorized by all requisite corporate or other action. The Transaction Documents have been duly executed and delivered by Buyer and Merger Sub, and constitute the legal, valid and binding obligation of Buyer and Merger Sub, enforceable in accordance with their respective terms.

3.3 No Violation or Conflict. The execution and delivery of the Transaction Documents by Buyer and Merger Sub, the consummation by Buyer and Merger Sub of the transactions contemplated thereby, and compliance by the Buyer and Merger Sub with the provisions hereof: (a) do not and will not violate or, if applicable, conflict with any provision of Law, or any provision of Buyer's or Merger Sub's Organizational Documents; and (b) do not and will not, with or without the passage of time or the giving of notice, result in the breach of, or constitute a default, cause the acceleration of performance or require any consent under, any instrument or agreement to which Buyer or Merger Sub is a party or by which Buyer or Merger Sub or their properties may be bound or affected.

3.4 Brokers. Neither Buyer nor Merger Sub has employed any financial advisor, broker or finder and has not incurred and will not incur any broker's, finder's, investment banking or similar fees, commissions or expenses, in connection with the transactions contemplated by this Agreement, which would be payable by the Company.

ARTICLE 4

Representations and Warranties of the Company

In order to induce Buyer and Merger Sub to enter into this Agreement and to consummate the transactions contemplated hereby, the Company makes the representations and warranties set forth below to Buyer and Merger Sub.

4.1 Organization. The Company has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, as the case may be. The Company is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary. The Company has all requisite right, power and authority to (a) own or lease and operate its properties, (b) conduct its business as presently conducted and (c) engage in and consummate the transactions contemplated hereby. The Company is not in default under its Organizational Documents.

4.2 Authorization; Enforceability. The Company has all requisite right, power and authority to execute and deliver the Transaction Documents and consummate the transactions contemplated thereby. The execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby have been duly authorized by all requisite corporate action. The Transaction Documents have been duly executed and delivered and constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their respective terms.

4.3 No Violation or Conflict. Except as set forth on Schedule 4.3, the execution and delivery of the Transaction Documents by the Company and the consummation by the Company of Schedule 4.3, the execution and delivery of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby, and compliance by the Company with the provisions hereof: (a) do not and will not violate or conflict with any provision of Law or any provision of the Company's Organizational Documents; and (b) do not and will not, with or without the passage of time or the giving of notice, result in the breach of, or constitute a default, cause the acceleration of performance or require any consent under, or result in the creation of any Lien upon any property or assets of the Company pursuant to any instrument or agreement to which the Company is a party or by which the Company or its properties may be bound or affected.

4.4 Organizational Documents and Corporate Records. A true and complete copy of (a) the Organizational Documents of the Company, as amended, and (b) a copy of the minute book of the Company has been delivered to Buyer. Such minute book contains complete and accurate records of all meetings and other corporate actions of the board of directors, committees of the board of directors, and shareholders of the Company from the date of its incorporation to the date hereof. All matters requiring the authorization or approval of the board of directors, a committee of the board of directors, or the shareholders of the Company have been duly and validly authorized and approved by them.

4.5 Subsidiaries. The Company has no Subsidiaries or equity interests in any other Person.

4.6 Capitalization. The authorized share capital of the Company is as set forth on Schedule 4.6. Schedule 4.6 sets forth all Securities which are issued and outstanding and, except as set forth on Schedule 4.6, all of such Securities have been duly authorized, are validly issued, fully paid and nonassessable and were issued in compliance with applicable state and federal securities laws. To the Knowledge of the Company and except as set forth on Schedule 4.6, all outstanding Securities are owned by the Shareholders free and clear of all Liens, preemptive rights, rights of first refusal, registration rights, limitations on the Shareholders' voting rights, voting agreements, shareholder agreements, charges or other encumbrances, transfer restrictions, or agreements of any nature whatsoever. The Company has no (and has not since inception had any) investment or equity interest in any other Person. None of the Securities were issued in violation of any preemptive rights or rights of first refusal, or other agreements or rights. Except as set forth on Schedule 4.6, no written or oral agreement or understanding with respect to the disposition of the Securities or any rights therein, other than this Agreement, exists. The Company does not have and will not have any liability or obligation of any nature whatsoever to any former shareholder, and the consummation of the transactions contemplated by this Agreement will not trigger any preemptive rights, rights of first refusal, or similar obligations, or any obligation to provide notice to any shareholder.

4.7 Rights, Warrants, Options. The Company has reserved 125 shares of Company common stock for issuance to officers, directors, employees, and consultants of the Company pursuant to its 2008 Equity Incentive Plan, which has been duly adopted by the Company's board of directors and shareholders. The Company has furnished to Buyer complete and accurate copies of the 2008 Equity Incentive Plan and agreements for use thereunder. Except as set forth on Schedule 2.3(b)(ii) there are no stock options, warrants, stock appreciation, phantom stock or other rights, arrangements or commitments of any character to which the Company is a party or by which the Company is bound relating to the issued or unissued capital stock or equity interests of the Company or obligating the Company to issue or sell any shares of capital stock of, or other equity interests in, the Company. There are no outstanding obligations of the Company to redeem or otherwise acquire any of the Securities. There are no outstanding contractual obligations of the Company to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any other Person.

4.8 Financial Statements. The Company has delivered to Buyer a true and complete copy of (A) the consolidated balance sheet of the Company for the fiscal years ended on June 30, 2010, 2009, and 2008, and the audited consolidated profit and loss statement for the fiscal years ended on June 30, 2010, 2009, and 2008, including any related notes and the consolidated supplements, and (B) the unaudited balance sheet of the Company through the month ended December 31, 2010, and the unaudited consolidated profit and loss statement of the Company for the period ending on that date (collectively, the "Financial Statements"). The Financial Statements: (a) have been prepared in accordance with the books of account and records of the Company; (b) fairly present, and are true, correct and complete statements of the consolidated financial condition of the Company and the results of its operations at the dates and for the periods specified in those statements; and (c) have been prepared in accordance with United States generally accepted accounting principles, consistently applied with prior periods, except that such unaudited Financial Statements do not include all information and footnotes required by United States generally accepted accounting principles. At Closing, the Company will also deliver to Buyer an unaudited preliminary balance sheet as of the Closing Date (the "Closing Trial Balance"). The Closing Trial Balance will (x) be prepared in accordance with the books of account and records of the Company and (y) fairly present a true, correct and complete statement in all material respects of the consolidated financial condition of the Company at the Closing Date.

4.9 Absence of Undisclosed Liabilities. Except as set forth on Schedule 4.9, and except for obligations arising post-closing in the ordinary course pursuant to agreements disclosed in the Disclosure Schedules, the Company does not have and will not have on the Closing Date any debts, Liabilities, commitments or obligations of any nature whatsoever, whether accrued, absolute, contingent or otherwise, other than as provided for in this Agreement. To the Knowledge of the Company, there is no basis for assertion against the Company of any such debt, Liability, commitment or obligation not so disclosed. For the avoidance of doubt, Buyer is not assuming any debt, Liabilities, commitments or obligations not specifically included as Closing Payables or Assumed Liabilities in Section 2.3(d) or obligations arising post-closing in the ordinary course pursuant to agreements otherwise disclosed in the Disclosure Schedules, and Buyer will be indemnified for such pursuant to Section 6.4.

4.10 Guaranties. Except as set forth in Schedule 4.10, the Company is not a party to any Guaranty, and no Person is a party to any Guaranty for the benefit of the Company.

4.11 Accounts and Notes Receivable and Payable. Set forth on Schedule 4.11 is a true and complete aged list of unpaid accounts and notes receivable owing to and owed by the Company as of Closing, including the Effective Time Payables. Except as set forth on Schedule 4.11, all of such accounts and notes receivable and payable constitute only bona fide, valid and binding claims arising in the ordinary course of the business, subject, with regard to receivables to no valid defenses, counterclaims or setoffs.

4.12 Absence of Material Adverse Effects. Since June 30, 2010, and except as otherwise disclosed on Schedule 4.12, the Company has conducted its businesses only in the ordinary and usual course and in a manner consistent with past practices and, since such date: (a) there has been no Material Adverse Effect; and (b) the Company has not engaged or agreed to engage in any of the actions described below:

(a) amend or otherwise change its Organizational Documents;

(b) issue, sell or authorize for issuance or sale, shares of any class of its securities (including, but not limited to, by way of stock split or dividend) or any subscriptions, options, warrants, rights or convertible securities, or enter into any agreements or commitments of any character obligating them to issue or sell any such securities;

(c) redeem, purchase or otherwise acquire, directly or indirectly, any shares of its capital stock or any option, warrant or other right to purchase or acquire any such shares;

(d) declare or pay any dividend or other distribution (whether in cash, stock or other property) with respect to its capital stock or repay any irrevocable capital contribution;

(e) sell, transfer, surrender, abandon or dispose of any of its assets or property rights (tangible or intangible), except in the ordinary course of business consistent with past practices;

(f) grant or make any Lien or subject itself or its properties or assets to any Lien, except in the ordinary course of business consistent with past practices;

(g) grant any license or sublicense of any right under or with respect to any Intellectual Property;

(h) create, incur or assume any indebtedness or any Liability, except in the ordinary course of business consistent with past practices;

(i) make or commit to make any capital expenditures;

(j) grant or become subject to any Guaranty;

(k) apply any of their respective assets to the direct or indirect payment, discharge, satisfaction or reduction of any amount payable directly or indirectly by, to or for the benefit of the Company or any Affiliate thereof or to the prepayment of any such amounts or engage in any transactions with any Affiliate;

(l) write off the value of any assets, inventory or any accounts receivable or increase, the reserves for obsolete, damaged, spoiled or otherwise not usable inventory or doubtful or uncollectable receivables;

(m) increase the compensation payable or to become payable to directors, officers or employees, other than increases in the ordinary course of business and consistent with past practice or grant any rights to severance or termination pay to, or enter into any employment or severance agreement with, any director, officer or other employee of the Company or any Affiliate thereof, or establish, adopt, enter into or materially amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any director, officer or employee;

(n) enter into any transaction, commitment or agreement, or amend or terminate any existing Contract material to the Company;

(o) acquire (including, without limitation, by merger, consolidation or acquisition of stock or assets) any interest in any corporation, partnership, other business organization, Person or any division thereof or any assets;

(p) alter the manner of keeping its books, accounts or records, or change in any manner the accounting practices, methods or assumptions therein reflected;

(q) agree to accelerate or delay collection of notes or accounts receivable in advance of or beyond their regular dates or the date when the same could have been collected in the ordinary course of business consistent with past practices;

(r) waive, release, assign, settle or compromise any claims or litigation;

(s) make any Tax election or settle or compromise any federal, state or local or federal income Tax liability;

(t) take or omit to take any action which is intended to render any of the Company's representations or warranties untrue or misleading, or which would be a material breach of any of the covenants of this Agreement;

(u) take any action which could have a Material Adverse Effect; or

(v) agree, whether in writing or otherwise, to do any of the foregoing

4.13 List of Accounts. Set forth on Schedule 4.13 is: (a) the name and address of each bank or other institution in which the Company maintains an account (cash, securities or other) or safe deposit box; (b) the name and phone number of the Company's contact person at such bank or institution; (c) the account number of the relevant account and a description of the type of account; and (d) the persons authorized to transact business in such accounts.

4.14 Tax Matters. All Tax returns and other similar documents required to be filed with respect to the Company have been timely filed (after taking into account any extensions to file) with the appropriate governmental authorities in all jurisdictions in which such returns and documents are required to be filed prior to the Closing Date, all of the foregoing as filed are true, correct and complete and reflect accurately all liabilities for Taxes of the Company for the periods to which such returns and documents relate, and all amounts shown as owing thereon have been paid. No claims or deficiencies have been asserted against the Company with respect to any Taxes which have not been paid or otherwise satisfied or for which accruals or reserves have not been made in the Financial Statements, and to the Knowledge of the Company, there exists no reasonable basis for the making of any such claim. The Company has not waived any restrictions on assessment or collection of Taxes or consented to the extension of any statute of limitations relating to taxation.

4.15 Insurance. Set forth on Schedule 4.15 is a list of all insurance policies providing insurance coverage of any nature to the Company. The Company has delivered to Buyer a true and complete copy of all of such insurance policies, as amended. Such policies are sufficient for the compliance by the Company with all requirements of Law and all Company Contracts. All of such policies are in full force and effect and are valid and enforceable in accordance with their terms, and the Company has complied with all terms and conditions of such policies, including the payment of premium payments. To the Knowledge of the Company, none of the insurance carriers has indicated an intention to cancel or not renew any such policy. The Company does not have any claim pending or, to the Knowledge of the Company, anticipated against any of the insurance carriers under any of such policies, and there has been no actual or alleged occurrence of any kind which may give rise to any such claim.

4.16 Assets. The Company owns, leases or has the legal rights to use all properties and assets (tangible and intangible) used or intended to be used in the conduct of the Company's business and each item of equipment or other personal property included as an asset in the Financial Statements (the "Assets"). The Company has good and marketable title or leasehold interest to each Asset, free and clear of all Liens. The Assets constitute all of the assets and rights required to operate the business of the Company as previously conducted and as contemplated to be conducted. All of the Assets are in good operating condition and repair, ordinary wear and tear excepted. Schedule 4.16 sets forth a full and complete list of the material Assets owned by the Company.

4.17 Intellectual Property.

(a) Schedule 4.17(a) sets forth a true and complete list of (i) all patents and patent applications, registered trademarks and trademark applications, registered copyrights and copyright applications and domain names included in the Company Intellectual Property, (ii) all Company IP Agreements, and (iii) other Company Intellectual Property material to the Company's business.

(b) The Company is the exclusive owner of the entire right, title and interest in and to the Company Intellectual Property, and has a valid license to use the Licensed Intellectual Property in connection with the Company's business. The Company is entitled to use all Company Intellectual Property and Licensed Intellectual Property in the continued operation of the Company's business without limitation, subject only to the terms of the Company IP Agreements. The Company Intellectual Property and the Licensed Intellectual Property have not been adjudged invalid or unenforceable in whole or in part, and are valid and enforceable.

(c) The conduct of the Company's business as currently conducted does not infringe or misappropriate the Intellectual Property of any third party, and no Action alleging any of the foregoing are pending, and no Action has been threatened or asserted against any Shareholder or the Company alleging any of the foregoing. To the Knowledge of the Company, no Person is engaging in any activity that infringes the Company Intellectual Property.

(d) No Company Intellectual Property is subject to any outstanding Governmental Order restricting the use of such Intellectual Property or that would impair the validity or enforceability of such Intellectual Property.

4.18 Real Property.

(a) The Company does not own any real property.

(b) Schedule 4.18(b) sets forth the street address of each parcel of real property leased by the Company (the "Leased Real Property"). The Company has previously delivered to Buyer true and complete copies of all lease agreements, as amended to date (the "Leases") relating to the Leased Real Property. The Company enjoys peaceable and undisturbed possession of the Leased Real Property.

4.19 Compliance with Environmental Laws. The Company is in compliance with all applicable Environmental Laws. To the Knowledge of Company, there are no pending governmental claims, citations, notices of violation, judgments, decrees or orders issued against the Company for impairment or damage, injury or adverse effect to the environment or public health and, to the Knowledge of the Company and there have been no private complaints with respect to any such matters. To the Knowledge of the Company, there is no condition relating to any properties of the Company that would require any type of remediation, clean-up, response or other action under applicable Environmental Laws. The Company has complied with all applicable Environmental Laws in the generation, treatment, transportation, storage and disposal of Hazardous Materials.

4.20 Employment Matters.

(a) Employment Agreements. Schedule 4.20(a) sets forth all employment, consulting, severance, and indemnification arrangements, agreements and understandings between the Company and any officer, director, advisory board member, consultant or employee ("Employment Agreements"). The Company has delivered to the Buyer true and complete copies of all of the Employment Agreements. No Employment Agreement (i) will require any payment by the Company or Buyer to any director, officer or employee of the Company, or any other party, by reason of the change in control of the Company resulting from the transactions contemplated by this Agreement, or (ii) provides for the acceleration or change in the award, grant, vesting or determination of options, warrants, rights, severance payments, or other contingent obligations of any nature whatsoever of the Company in favor of any such parties. Except as set forth on Schedule 4.20(a), the terms of employment or engagement of all directors, officers, employees, agents, consultants and professional advisers of the Company are such that their employment or engagement may be terminated at any time without liability for payment of compensation or damages (other than, with respect to employees of the Company, the payment of the statutory minimum compensation) and the Company has not entered into any agreement or arrangement for the management of its business or any part thereof other than with its directors or employees.

(b) Personnel. Schedule 4.20(b) contains the names, job descriptions and annual salary rates and other compensation of any kind of all officers, directors, advisory board members, consultants, and employees of the Company.

(c) Employment Laws. Except as set forth on Schedule 4.20(c), the Company and each of the Company Subsidiaries has complied with all applicable employment Laws, including payroll, withholding and related obligations, benefits, social security, and does not have any obligation in respect of any amount due to employees of the Company or the Company Subsidiaries or government agencies, other than normal salary, other fringe benefits and contributions accrued but not payable on the date hereof.

(d) Policies. Schedule 4.20(d) contains a list of all employee policies (written or otherwise), employee manuals or other written statements of rules or policies concerning employment, including working conditions, vacation and sick leave, a complete copy of each of which (or, if oral, an accurate written summary thereof) has been previously delivered to Purchasers.

(e) Employee Benefit Plans. The Company offers no benefit to its employees other than those required by law.

4.21 Labor Relations. There is no strike or dispute pending or, to the Knowledge of the Company, threatened involving any employees of the Company. None of the employees of the Company is a member of any labor union, and the Company is not a party to, otherwise bound by or, to the Knowledge of the Company, threatened with any labor or collective bargaining agreement. None of the employees of the Company are engaged in organizing any labor union or other employee group that is seeking recognition as a bargaining unit. There are no unfair labor practice complaints pending or, to the Knowledge of the Company, threatened against the Company, and no Person has made any claim, and there is no basis for any claim, against the Company under any statute, regulation or ordinance relating to employees or employment practices, including without limitation those relating to age, sex and racial discrimination, conditions of employment, and wages and hours.

4.22 Contracts. Schedule 4.22 sets forth a list of all Contracts, (oral or written) to which the Company is a party, or by which any of its assets are bound or affected, which is material to the Company's business, including without limitation. Schedule 4.22 further identifies each of the Contracts which contain anti-assignment, change of control or notice of assignment or change of control provisions. The Contracts are each in full force and effect and are the valid and legally binding obligations of the Company and, to the Company's Knowledge, are valid and binding obligations of the other parties thereto. The Company has not received notice of default by the Company under any of the Company Contracts, and the Company is not in default under any Company Contract to which it is a party, and no event has occurred which with the giving of notice or lapse of time or both would constitute such a default. The Company has previously delivered or will deliver prior to the Closing Date to Buyer true, complete and correct copies of all such Contracts. None of the Contracts was entered into outside the ordinary course of business of the Company and none contain any provisions that could reasonably be expected to impair or adversely affect in any material way the operations of the Company.

4.23 Related Parties. Except as set forth in Schedule 4.23, no officer, director, employee, consultant, or shareholder of the Company, nor any relative or spouse of such officer, director, employee, consultant or shareholder, has, directly or indirectly, (a) any ownership interest in any property or asset, tangible or intangible, including any Company Intellectual Property, used in the conduct of the Company's business; (b) any interest in or is, directly or indirectly, a party to, any Contract, except as provided in Schedule 4.23; (c) any cause of action or claim whatsoever against, or owes any amount to, the Company except as provided in Schedule 4.23, or (d) any Liability to the Company. Except as set forth in Schedule 4.23, the Company has no Liability to any shareholder or its or their Representatives or Affiliates.

4.24 Absence of Certain Business Practices. Neither of the Company nor, to the Knowledge of the Company, any of the Shareholders or current directors or officers of the Company (individually, an "Additional Party" and collectively, the "Additional Parties"), nor agents of the Company, nor any other Person acting on behalf of or associated with the Company, acting alone or together, has: (a) received, directly or indirectly, any rebates, payments, commissions, promotional allowances or any other economic benefits, regardless of their nature or type, from any customer, supplier, employee or agent of any customer or supplier, official or employee of any government (domestic or foreign) or other Person; or (b) directly or indirectly, given or agreed to give any money, gift or similar benefit to any customer, supplier, employee or agent of any customer or supplier, official or employee of any government (domestic or foreign), or any political party or candidate for office (domestic or foreign) or other Person who was, is or may be in a position to help or hinder the business of the Company (or assist the Company in connection with any actual or proposed transaction).

4.25 Compliance with Laws. The Company is in compliance with all Laws and other legal requirements applicable to it or its properties, including without limitation those relating to (a) the development, testing, manufacture, packaging, labeling, distribution, consumer protection and marketing of products or the provision of services, (b) employment, safety and health and (c) building, zoning and land use. The Company has not received notification from any governmental or regulatory authority asserting that it is not in compliance with or has violated any of the Laws, which such governmental or regulatory authority enforces, or threatening to revoke any authorization, consent, approval, franchise, license, or permit, and the Company is not subject to any agreement or consent decree with any governmental or regulatory authority arising out of previously asserted violations.

4.26 Governmental Authorizations. The Company has all authorizations, consents, approvals, franchises, licenses and permits required under applicable Law for the ownership of the Company's properties and operation of its business as presently operated and as it is reasonably expected to be operated in the future, except that approval from the U.S. Food and Drug Administration to sell products of the Company has not been obtained (the "Permits"). No suspension nonrenewal or cancellation of any of the Permits is pending or, to the Knowledge of the Company, threatened, and there is no reasonable basis therefor. The Company is not in conflict with, or in default or violation of any Permits.

4.27 Legal Proceedings. The Company is not a party to any pending or, to the Knowledge of the Company, threatened, legal, administrative or other proceeding, arbitration, mediation, out-of-court settlement negotiation or investigation. To the Knowledge of the Company, no Person who is or was a director or officer of the Company is a party to any pending or threatened, legal, administrative or other proceeding, arbitration, mediation, out-of-court settlement negotiation or investigation in their capacity as directors or officers of the Company. The Company is not subject to any order, writ, injunction, decree or other judgment of any court or governmental or regulatory authority.

4.28 Consent of Governmental Authorities. No consent, approval or authorization of, or registration, qualification or filing with any governmental or regulatory authority, or any other Person, is required to be made by the Company in connection with the execution, delivery or performance of this Agreement the Company or the consummation by the Company of the transactions contemplated hereby.

4.29 Products and Services.

(a) Schedule 4.29 lists (i) each product which is developed or currently under development by the Company, or licensed, distributed or sold by the Company (collectively, the "Products") and (ii) each service provided by the Company (collectively, the "Services"). Each Product has been distributed or sold in accordance with, and each Service has been provided in compliance with, the applicable contractual commitments, express or implied warranties, product and service specifications and quality standards for such Product and Service, and the provisions of all applicable Laws. No Product or Service sold, provided or delivered by the Company is subject to any guaranty, warranty (other than warranties imposed by Law) or other indemnity.

(b) At no time have any of the Products been recalled, withdrawn or suspended by the Company, voluntarily or otherwise; nor are there any pending Actions or proceedings seeking the recall, withdrawal, suspension or seizure of any Product; and neither the Company has received any regulatory letters, warning letters, or other notice of adverse findings.

(c) There exist no set of facts: (i) which could furnish a basis for the withdrawal or suspension of any Permit, license, approval or consent of any Governmental Authority with respect to the Company, or any Product or Service; (ii) which could furnish a basis for the recall, withdrawal or suspension of any Product from the market, the termination or suspension of any clinical testing of any Product, or the change in marketing classification of any Product or (iii) which could furnish a basis for the termination or suspension of any Service.

4.30 Brokers. The Company has not employed any financial advisor, broker or finder and have not incurred and will not incur any broker's, finder's, investment banking or similar fees, commissions or expenses in connection with the transactions contemplated by this Agreement, which would be payable by the Company or Buyer.

4.31 Disclosure. No representation or warranty of the Company contained in this Agreement, and no statement, notice, certificate or other document furnished by or on behalf of the Company to Buyer or its agents pursuant hereto or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

ARTICLE 5

Representations and Warranties of Sellers

In order to induce Buyer and Merger Sub to enter into this Agreement and to consummate the transactions contemplated hereby, each of the Sellers, severally and not jointly, makes the representations and warranties set forth below to Buyer and Merger Sub with respect to himself, herself or itself.

5.1 Title to Securities. Such Seller is the record and beneficial owner of the Securities listed opposite his or its respective name on Schedules 2.3(b)(i) and 2.3(b)(ii), as applicable, and such Securities are owned free and clear of any Liens whatsoever, including, without limitation, transfer restrictions, preemptive rights, registration rights, rights of first refusal, or any claims or rights under any voting trust agreements, shareholder agreements or other agreements. At the Closing, such Seller will accept the Merger Consideration provided for such Seller herein in exchange for all of such Seller's right, title and interest in the Securities owned by him, her or it, which shall be free and clear of all Liens whatsoever.

5.2 Authorization; Enforceability. Except as set forth on Schedule 5.2, no written or oral agreement or understanding with respect to the disposition of the Securities or any rights therein, other than this Agreement, exists. Such Seller has all requisite right, power and authority to execute and deliver the Transaction Documents and to consummate the transactions contemplated thereby. The Transaction Documents have been duly executed and delivered by such Seller and constitute the legal, valid and binding obligations of such Seller, enforceable in accordance with their respective terms.

5.3 No Consent, Violation or Conflict. The execution and delivery of the Transaction Documents by such Seller and the consummation by such Seller of the transactions contemplated hereby, and compliance by the Seller with the provisions hereof, (a) do not require any prior governmental or regulatory consent, approval, or notice of any kind (b) do not and will not violate or, if applicable, conflict with any provision of Law, or any provision of such Seller's Organizational Documents, and (c) do not and will not, with or without the passage of time or the giving of notice, result in the breach of, or constitute a default, cause the acceleration of performance or require any consent under, or result in the creation of any Lien upon any property or assets of such Seller pursuant to any instrument or agreement to which such Seller is a party or by which such Seller or such Seller's properties may be bound or affected, except as set forth on Schedule 5.3.

5.4 Litigation. There are no suits or proceedings pending or, to the Knowledge of such Seller, threatened before any court or by or before any governmental or regulatory authority, commission, bureau or agency or public regulatory body against such Seller which, if adversely determined, would interfere with such Seller's ability to consummate the transactions contemplated hereby.

5.5 Related Parties. Except as set forth on Schedule 5.5, and except for The Scripps Research Institute ("TSRI") and its Affiliates, neither such Seller, nor, if applicable, any current officer or member of the Board of Directors of such Seller (a) owns, directly or indirectly, any significant interest in, or is a director, officer, employee, consultant or agent of, any Person which is a competitor of the Company; (b) owns, directly or indirectly, in whole or in part, any property, asset or right, real, personal or mixed, tangible or intangible that is material to the business, financial condition, prospects or results of operations of the Company taken as a whole; or (c) has an interest in or is, directly or indirectly, a party to any Contract.

5.6 Consent to Merger and Merger Agreement. Each of the undersigned Shareholders hereby approves and consents to the Merger and approves the terms of the conditions of the Merger set forth in this Merger Agreement, which is also hereby approved. The consent and approval of the Shareholders set forth herein constitutes the approval by the Shareholders of the Company required for the Merger pursuant to Sections 251 and 264 of the DGCL.

ARTICLE 6

Additional Agreements

6.1 Investigation; Notices. The representations, warranties and covenants set forth in this Agreement shall not be affected or diminished in any way by any investigation (or failure to investigate) at any time by or on behalf of the party for whose benefit such representations, warranties and covenants were made. All statements contained herein or in any schedule, certificate, exhibit, list or other document delivered pursuant hereto shall be deemed to be representations and warranties for purposes of this Agreement.

6.2 Survival of the Representations and Warranties. The representations, warranties and covenants of each party set forth in this Agreement shall survive the Closing Date for a period of ***, except that (a) the representations set forth in Sections 4.14 (Tax Matters), 4.19 (Environmental), and 4.20 (Employment Matters) shall survive until the expiration of the applicable statute of limitation, and (b) the representations set forth in Sections 3.2 (Authorization), 4.2 (Authorization), 4.6 (Capitalization), 5.1 (Title) and 5.2 (Authorization) shall survive indefinitely.

6.3 General Release. As additional consideration for the sale of the Securities pursuant to this Agreement, each of the Sellers hereby unconditionally and irrevocably releases and forever discharges, effective as of the Effective Time, and conditioned upon payment of the Merger Consideration and the Effective Time Payables, the Company and its officers, directors, employees, agents and each of the other Sellers, from any and all rights, claims, demands, judgments, obligations, liabilities and damages, whether accrued or unaccrued, asserted or unasserted, and whether known or unknown, relating to the Company which ever existed, now exist, or may hereafter exist, by reason of any tort, breach of contract, violation of law or other act or failure to act which shall have occurred at or prior to the Closing Date, or in relation to any other liabilities of the Company to such Seller. Notwithstanding the foregoing, nothing herein shall affect the rights and liabilities of the parties pursuant to that certain License Agreement, dated as of June 16, 2008, between the Company and TSRI, as amended (the "TSRI License"). The Sellers expressly intend that the foregoing release shall be effective regardless of whether the basis for any claim or right hereby released shall have been known to or anticipated by the Sellers.

6.4 Indemnification.

(a) Subject to Sections 6.2, the Sellers agree to indemnify and hold harmless Buyer, Merger Sub and their Affiliates and their respective directors, officers, employees and agents from, against and in respect of (i) any and all Liabilities, arising from any breach or violation of any of the representations and warranties of the Company or the Sellers contained in this Agreement or in any schedule, exhibit or attachment hereto, except that TSRI shall have no liability under this Section 6.4(a)(i), or (ii) as to each Seller severally and not jointly, any and all Liabilities arising from any breach or violation of the covenants or agreements of such Seller contained in this Agreement (such Liabilities being herein referred to as "Buyer's Indemnifiable Losses"). The obligations of the Sellers to indemnify the Buyer, Merger Sub and their Affiliates for any breach of a representation or warranty contained in ARTICLE 5, shall be several, not joint, and shall be the obligation only of the Seller breaching such representation or warranty. In the event Buyer's Indemnifiable Losses arise from a breach of the representations and warranties contained in ARTICLE 4, the Sellers other than TSRI shall be jointly and severally liable for the Buyer's Indemnifiable Losses, provided that each *** and subject to the limitations set forth below:

(x) ***;

(y) ***; and

(z) ***, any claims for Buyer's Indemnifiable Losses shall be recoverable solely by way of *** and not by way of separate claim against any of the properties and assets of any Seller;

provided further that the limitations set forth in Section 6.4(a)(x)-(z) shall not apply in the event of actual fraud on the part of the Sellers or the Company or in the case of a breach by the Company of the representations set forth in Section 4.2 (Authorization) or 4.6 (Capitalization).

(b) Subject to Sections 6.2, Buyer and Merger Sub agree to indemnify and hold harmless the Company, the Sellers, directors, officers, employees and agents from, against and in respect of the full amount of any and all Liabilities, arising from (A) any breach or violation of any of the representations and warranties of Buyer and Merger Sub contained in this Agreement or in schedule, exhibit or attachment hereto, or any document or certificate delivered by Buyer or Merger Sub at or prior to the Closing, or (B) any and all Liabilities arising from any breach or violation of the covenants or agreements of Buyer and Merger Sub contained in this Agreement.

(c) Indemnification Procedure as to Third Party Claims.

(i) Promptly after Buyer obtains knowledge of the commencement of any third party claim, action, suit or proceeding or of the occurrence of any event or the existence of any state of facts which may become the basis of a third party claim (any such claim, action, suit or proceeding or event or state of facts being hereinafter referred to in this Section 6.4 as a "Claim"), in respect of which Buyer is entitled to indemnification under this Agreement, Buyer shall notify the Seller Representative of such Claim in writing; provided, however, that any failure to give notice (A) will not waive any rights of the Buyer and (B) will not relieve the Sellers of their obligations as hereinafter provided in this Section 6.4 after such notice is given unless the Sellers are materially adversely affected thereby. With respect to any Claim as to which such notice is given, the Sellers will assume the defense or otherwise settle such Claim with counsel reasonably satisfactory to Buyer and experienced in the conduct of Claims of that nature at the Sellers' sole risk and expense; provided, however, that Buyer (1) shall be permitted to join the defense and settlement of such Claim and to employ counsel reasonably satisfactory to it at its expense, and (2) shall cooperate fully with the Sellers in the defense and any settlement of such Claim in any manner reasonably requested by the Sellers. The Sellers shall not make any settlement of any claims without the written consent of Buyer, which shall not be unreasonably withheld or delayed. Without limiting the generality of the foregoing, it shall not be deemed unreasonable to withhold consent to a settlement involving injunctive or other equitable relief against Buyer or its Affiliates or their assets, employees or business.

(ii) If the Sellers fail to assume the defense of such Claim or, having assumed the defense and settlement of such Claim, fails reasonably to contest such Claim in good faith, or the remedy sought by the claimant with respect to such Claim is not solely for money damages, Buyer, without waiving its right to indemnification, may, but is not required to, assume the defense and settlement of such Claim at Sellers' expense; provided, however, that (A) the Sellers shall cooperate with Buyer in the defense and settlement of such Claim in any manner reasonably requested by Buyer, and (B) Buyer shall not settle such Claim without the written consent of the Sellers, which consent shall not be unreasonably withheld or delayed.

(d) Prompt Payment. With regard to claims for which indemnification is payable hereunder, such indemnification shall be paid promptly by the Sellers or Buyer upon demand by Buyer or the Sellers, as the case may be.

6.5 Confidentiality. The Sellers acknowledge that the Intellectual Property and all other confidential or proprietary information with respect to the business and operations of the Company are valuable, special and unique. The Sellers shall not, at any time after the Closing Date, disclose, directly or indirectly, to any Person, or use or purport to authorize any Person to use any Intellectual Property, confidential or proprietary information with respect to the Company or Buyer, whether or not for the Seller's own benefit, without the prior written consent of Buyer, including without limitation, information as to the financial condition, results of operations, customers, suppliers, products, products under development, inventions, sources, leads or methods of obtaining new products or business, Intellectual Property, pricing methods or formulas, cost of supplies, marketing strategies or any other information relating to the Company or Buyer which could reasonably be regarded as confidential, but not including information which is or shall become generally available to the public other than as a result of an unauthorized disclosure by a Seller or its representatives. Nothing in this Section 6.5 shall in any way alter the rights or obligations of the parties under the TRSI License or with respect to the information disclosed or available pursuant to the TSRI License or the Use Agreement, dated July 20, 2010, but effective as of November 1, 2009 (the "OPKO Use Agreement") between TSRI and Buyer. The Sellers acknowledge that Buyer would not enter into this Agreement without the assurance that all such confidential and proprietary information will be used for the exclusive benefit of the Company and the Surviving Entity.

6.6 Continuing Obligations. The restrictions set forth in Section 6.5 are considered by the parties to be reasonable for the purposes of protecting the value of the business and goodwill of the Company and Buyer. Buyer and the Sellers acknowledge that Buyer would be irreparably harmed and that monetary damages would not provide an adequate remedy to Buyer in the event the covenants contained in Section 6.5 were not complied with in accordance with their terms. Accordingly, the Sellers agree that any breach or threatened breach by any of them of any provision of Section 6.5 shall entitle Buyer to injunctive and other equitable relief to secure the enforcement of these provisions, without posting a bond, in addition to any other remedies which may be available to Buyer, and that Buyer shall be entitled to receive from the Sellers reimbursement for all reasonable attorneys' fees and expenses incurred by Buyer in enforcing these provisions

ARTICLE 7

Closing

7.1 Closing. The transfers and deliveries to be made pursuant to this Agreement shall take place on the Closing Date at the offices of the Buyer at 4400 Biscayne Boulevard, Miami, Florida 33137 (the "Closing"). All proceedings to be taken and all documents to be executed at the Closing shall be deemed to have been taken, delivered and executed simultaneously, and no proceeding shall be deemed taken nor documents deemed executed or delivered until all have been taken, delivered and executed.

(a) At Closing, the Company shall deliver to Buyer (i) all of the certificates representing the Securities indicated next to each Shareholder's name on Schedule 2.3(b)(i), (ii) written agreements from each of the Optionholders evidencing the consent of each such Optionholder to accept the Merger Consideration payable hereunder in exchange for the termination and cancellation of the Securities indicated next to such Optionholder's name on Schedule 2.3(b)(ii), (iii) the effective written resignations of such of the directors and officers of the Company as may be requested by Buyer, and (iv) such other documents and instruments as Buyer may reasonably request.

(b) At Closing, Buyer (i) shall deliver the Closing Date Payment portion of the Merger Consideration in accordance with Section 2.3(b), and (ii) the amounts required for satisfaction of the Notes and the Effective Time Payables, as provided in Sections 2.3(c) and 2.3(d).

(c) At Closing, the Company shall deliver to Buyer the canceled Notes and all consents and approvals of governmental authorities and other Persons required to consummate the transactions contemplated by this Agreement (including without limitation the consent and approval of its Board of Directors and Shareholders), each of which shall have been obtained without the imposition of any adverse terms or condition which would adversely affect Buyer or its ability to operate the Company after the Closing.

ARTICLE 8

Sellers' Representative

8.1 Sellers' Representative.

(a) Each Seller, by virtue of his, her or its execution of this Agreement, shall be deemed to have consented and agreed to the appointment, effective as of the Closing Date, of KUR, LLC as the Sellers' Representative for purposes of this Agreement, as attorneys-in-fact for such Seller, with full power of substitution and authority to:

(i) approve the allocation of funds and payment instructions, and the other terms and conditions set forth in the Paying Agent Agreement;

(ii) execute any amendment or waiver of this Agreement and any other document or instrument necessary or advisable in order to carry out the provisions of this Agreement;

(iii) to give and receive notices and communications;

(iv) to dispute any claim for indemnification hereunder;

(v) to agree to, negotiate, enter into settlements and compromises of, any dispute or claims of Buyer's Indemnifiable Losses,

and to take all actions necessary or appropriate in the judgment of the Sellers' Representative for the accomplishment of the foregoing; provided, however, that the Sellers' Representative shall not have the power or authority to execute an amendment, waiver, document or other instrument that, notwithstanding any other provision to the contrary, increases in any respect the obligations or liabilities of any Seller without the prior written consent of such Seller. KUR, LLC hereby consents and agrees to such appointment pursuant to this Section 8.1. Buyer may rely conclusively on any actions taken by Joseph Collard or his designee appointed in writing on behalf of the Sellers' Representative, as an authorized action of the Sellers' Representative.

(b) In all matters relating to this ARTICLE 8, the Sellers' Representative shall be the only party entitled to assert the rights of Seller Indemnified Persons. The Sellers shall be bound by all actions taken by the Sellers' Representative in its capacity as such. Buyer is authorized to rely conclusively on any such action of the Sellers' Representative as being the duly authorized action of the Sellers and no party shall have any cause of action against Buyer for any action taken by Buyer in reliance upon the instructions, decisions or actions of the Sellers' Representative. The Buyer shall be entitled to rely on all statements, representations, decisions and actions of the Sellers' Representative.

(c) The Sellers' Representative shall promptly provide written notice to the Sellers of any action taken on their behalf by the Sellers' Representative pursuant to the authority delegated to the Sellers' Representative under this ARTICLE 8. The Sellers' Representative shall at all times act in his or her capacity as Sellers' Representative in a manner that the Sellers' Representative believes to be in the best interests of the Sellers. Neither the Sellers' Representative, nor any of its directors, officers, agents or employees, if any, shall be liable to any Person for any error of judgment, or any action taken, suffered or omitted to be taken, under this Agreement, except in the case of its gross negligence, bad faith or willful misconduct. The Sellers' Representative may consult with legal counsel, independent public accountants and other experts selected by him or her and shall not be liable for any action taken or omitted to be taken in good faith by him or her in accordance with the advice of such counsel, accountants or experts. The Sellers' Representative shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement. As to any matters not expressly provided for in this Agreement, the Sellers' Representative shall not exercise any discretion or take any action.

8.2 Capitalization of Sellers' Representative. Each of the Sellers, by execution of this Agreement, confirms that such Seller has subscribed for and accepted a member's interest in Sellers' Representative in exchange for the transfer and assignment to Sellers' Representative of such Seller's right, title and interest in and to the Deferred Merger Consideration, such member's interest to be initially issued pro rata based on such Seller's Percentage Interest in the Merger Consideration. Each Seller agrees to execute and deliver such documentation, and to take such actions, as may be reasonably requested by the Board of Managers of Sellers' Representative to confirm such transfer and assignment and the acceptance if such member's interest in consideration of such transfer and assignment.

ARTICLE 9

Miscellaneous

9.1 Further Assurances. The parties agree to deliver any and all other instruments or documents required to be delivered pursuant to, or necessary or proper in order to give effect to, the provisions of this Agreement.

9.2 Publicity. The parties agree to cooperate in issuing any press release or other public announcement concerning this Agreement or the transactions contemplated hereby. Nothing contained herein shall prevent any party from at any time furnishing any information to any governmental authority which it is by law or otherwise so obligated to disclose or from making any disclosure which its counsel deems necessary or advisable in order to fulfill such party's disclosure obligations under applicable Law or the rules of the SEC or any exchange on which a company's securities are traded.

9.3 Assignment of Rights. The Company shall, without the payment of any additional consideration by Buyer or Merger Sub, take all such actions as may be required to transfer all of its right, title and interest in and to all assets, Intellectual Property, contracts, agreements or other rights which are utilized by or for the benefit of the Company in the conduct of its respective business so as to ensure that all such rights, title and interest inure to the benefit of the Merger Sub.

9.4 Notices. Any notice or other communication under this Agreement shall be in writing and shall be delivered personally or sent by certified mail, return receipt requested, postage prepaid, or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below their names on the signature pages of this Agreement (or at such other addresses as shall be specified by the parties by like notice), and with respect to the Shareholders and Optionholders, to the addresses set forth on Schedules 2.3(b)(i) and 2.3(b)(ii). Such notices, demands, claims and other communications shall be deemed given when actually received or (a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery, (b) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise. A copy of any notices delivered to Buyer shall also be sent to OPKO Health, Inc., 4400 Biscayne Boulevard, Miami, Florida 33137, Attn: Kate Inman, Deputy General Counsel, Fax (305) 575-4140. A copy of any notices delivered to any Seller or to the Sellers' Representative shall also be sent to Edwards Angell Palmer & Dodge, LLP, 525 Okeechobee Blvd, Suite 1600,West Palm Beach, FL 33401, Attn: Jonathan E. Cole.

9.5 Entire Agreement. This Agreement, its schedules and exhibits, contain every obligation and understanding between the parties relating to the subject matter hereof, merges all prior discussions, negotiations and agreements, if any, between them relating to the subject matter hereof, and none of the parties shall be bound by any representations, warranties, covenants, or other understandings, other than as expressly provided or referred to herein or therein. The parties acknowledge that the execution and delivery of this Agreement shall not in any manner affect the TSRI License and the OPKO Use Agreement, which shall continue in effect in accordance with their respective terms.

9.6 Assignment. This Agreement may not be assigned by any party without the written consent of the other party; provided that Buyer may assign this Agreement to an Affiliate, whether such Affiliate currently exists or is formed in the future. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, personal representatives, legal representatives, and permitted assigns.

9.7 Waiver and Amendment. Any representation, warranty, covenant, term or condition of this Agreement which may legally be waived, may be waived, or the time of performance thereof extended, at any time by the party hereto entitled to the benefit thereof, and any term, condition or covenant hereof may be amended by the parties hereto at any time. Any such waiver, extension or amendment shall be evidenced by an instrument in writing executed on behalf of the appropriate party by a person who, to the extent applicable, has been authorized by its Board of Directors to execute waivers, extensions or amendments on its behalf. No waiver by any party hereto, whether express or implied, of its rights under any provision of this Agreement shall constitute a waiver of such party's rights under such provisions at any other time or a waiver of such party's rights under any other provision of this Agreement. No failure by any party hereto to take any action against any breach of this Agreement or default by another party shall constitute a waiver of the former party's right to enforce any provision of this Agreement or to take action against such breach or default or any subsequent breach or default by such other party.

9.8 No Third Party Beneficiary. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person other than the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

9.9 Severability. In the event that any one or more of the provisions contained in this Agreement shall be declared invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect, and such invalid, void or unenforceable provision shall be interpreted as closely as possible to the manner in which it was written.

9.10 Expenses. Each party agrees to pay, without right of reimbursement from the other party, the costs incurred by it incident to the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereby, including, without limitation, costs incident to the preparation of this Agreement, and the fees and disbursements of counsel, accountants and consultants employed by such party in connection herewith.

9.11 Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provisions of this Agreement.

9.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

9.13 Litigation; Prevailing Party. In the event of any litigation with regard to this

9.14 Agreement, the prevailing party shall be entitled to receive from the non-prevailing party and the non-prevailing party shall pay upon demand all reasonable fees and expenses of counsel for the prevailing party.

9.15 Injunctive Relief. It is possible that remedies at law may be inadequate and, therefore, the parties hereto shall be entitled to equitable relief including, without limitation, injunctive relief, specific performance or other equitable remedies in addition to all other remedies provided hereunder or available to the parties hereto at law or in equity.

9.16 Governing Law. This Agreement has been entered into and shall be construed and enforced in accordance with the laws of the State of Florida without reference to the choice of law principles thereof.

9.17 Jurisdiction and Venue. This Agreement shall be subject to the exclusive jurisdiction of the state and federal courts of Broward County, Florida. The parties to this Agreement irrevocably, unconditionally, and expressly agree to submit to the jurisdiction of the courts of the State of Florida for the purpose of resolving any dispute among the parties relating to this Agreement or the transactions contemplated hereby. The parties waive, to the fullest extent permitted by law, any objection to jurisdiction they may now or hereafter have to the laying of venue of any suit, action, or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, or any judgment entered by any court in respect hereof brought in the State of Florida, and further irrevocably waive any claim that any suit, action or proceeding brought in Broward County, Florida has been brought in an inconvenient forum.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Agreement as of the day and year first above written.

BUYER:

OPKO Pharmaceuticals, LLC

By: _____
Name:
Title:

4400 Biscayne Boulevard
Miami, Florida 33137
USA
Attn:
Facsimile:

MERGER SUB:

OPKO CURNA LLC

By: _____
Name:
Title:

4400 Biscayne Boulevard
Miami, Florida 33137
USA
Attn:
Facsimile:

SHAREHOLDERS:

JOSEPH W. COLLARD

_____

LOTTA COLLARD

_____

CLAES WAHLESTEDT PH.D.

_____

THE SCRIPPS RESEARCH INSTITUTE

By: _____
Name:
Title:

MOHAMMAD ALI FAGHIHI

_____

OPTIONHOLDERS

FRANK YOUNG

_____

OLGA KHORKOVA SHERMAN

_____

BELINDA DE LEON

_____

CARLOS COITO

_____

DAVID COREY

_____

COMPANY:

CURNA, INC.

By: _____
Joseph W. Collard, President

PAYING AGENT

ANGELL CORPORATE SERVICES, INC.

By: _____

Jonathan E. Cole, President
c/o Edwards Angell Palmer & Dodge LLP
525 Okeechobee Blvd., Suite 1600
West Palm Beach, FL 33401

SELLERS' REPRESENTATIVE

KUR, LLC

By: _____

Name: Joseph W. Collard
Title: **Manager and President**
Address: 1004 Brooks Lane
Delray Beach, FL 33483

*** The Disclosure Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules or exhibits upon request by the Securities and Exchange Commission.**

Exhibit 10.1

AMENDMENT NO. 2 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 2 (this "Amendment") to that certain Credit Agreement dated March 27, 2007 (the "Original Agreement"), as amended by that certain Amendment No. 1 to Credit Agreement dated November 6, 2008 ("Amendment No. 1, and together with the Original Agreement, the "Amended Credit Agreement"), by and among OPKO Health, Inc., a Delaware corporation formerly known as eXegenics Inc. ("Borrower"), The Frost Group, LLC, a Florida limited liability company (the "Frost Group") and OPKO Pharmaceuticals, LLC, a Delaware limited liability company formerly known as Acuity Pharmaceuticals, LLC ("OPKO Pharmaceuticals"), is made effective as of February 22, 2011. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed such term in the Amended Credit Agreement.

RECITALS

WHEREAS, pursuant to the Amended Credit Agreement, the Frost Group previously made a Line of Credit available to Borrower in the amount of $12,000,000 (the "Available Amount").

WHEREAS, Borrower repaid in full the Line of Credit on June 2, 2010, including $12,000,000 in principal and $4.1 million in interest.

WHEREAS, the Maturity Date under the Amended Credit Agreement was January 11, 2011, and the parties have agreed to extend the Line of Credit and Maturity Date until March 31, 2012, and to further amend the Amended Credit Agreement to reflect such agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, intending to be legally bound hereby, the parties covenant and agree as follows:

1. Notwithstanding any provision in the Amended Credit Agreement, the Note, or that Second Amended and Restated Note and Security Agreement, dated November 6, 2008 (the "Second Amended Note") to the contrary, the Frost Group hereby agrees to extend the Line of Credit to Borrower pursuant to the terms and conditions set forth herein and in that certain Third Amended and Restated Note and Security Agreement dated of even date, which amends and replaces the Note and the Second Amended Note in entirety (the "Third Amended Note").

2. The Maturity Date under the Amended Credit Agreement and the Third Amended Note shall be March 31, 2012.

3. Except as expressly set forth in this Amendment and in the Third Amended Note, each provision of the Amended Credit Agreement, remains in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the undersigned as of the day, month and year first written above.

OPKO Health, Inc.

By: _____
Name:
Title:

The Frost Group, LLC

By: _____
Name:
Title:

OPKO Pharmaceuticals, LLC

By: _____
Name:
Title:

Exhibit 10.2

THIRD AMENDED AND RESTATED
SUBORDINATED NOTE AND SECURITY AGREEMENT

$12,000.000 Dated as of February 22, 2011

FOR VALUE RECEIVED, OPKO Health, Inc., a Delaware corporation with offices at 4400 Biscayne Blvd., Miami, Florida 33137 ("Borrower"), pursuant to this Third Amended and Restated Subordinated Note and Security Agreement (this "Third Amended and Restated Note"), hereby promises to pay to The Frost Group, LLC, a Florida limited liability company ("Lender") at such place as Lender may designate from time to time in writing, in lawful money of the United States of America, the principal amount of $12,000,000, or such lesser amount as shall equal the outstanding principal balance of the loan (the "Loan") made to Borrower by Lender pursuant to the Credit Agreement, dated as of March 27, 2007, as amended by that certain Amendment No. 1 to Credit Agreement dated November 6, 2008, and Amendment No. 2 to Credit Agreement dated the date hereof, by and among Borrower, Lender and OPKO Pharmaceuticals, LLC (formerly known as Acuity Pharmaceuticals, LLC) (the "Amended Credit Agreement"), and to pay all other amounts due with respect to the Loan on the dates and in the amounts set forth in the Amended Credit Agreement and this Third Amended and Restated Note. This Third Amended and Restated Note amends, restates and replaces in all respects the Subordinated Note and Security Agreement of Acuity Pharmaceuticals, Inc., dated as of January 11, 2007, the obligations under which were assumed by Borrower pursuant to the original Credit Agreement, as well as the Amended and Restated Subordinated Note and Security Agreement dated as of March 27, 2007 and the Second Amended and Restated Note and Security Agreement dated November 6, 2008.

1. Definitions. All capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Amended Credit Agreement. In addition, the terms set forth below shall have the following meanings:

(a) "Affiliate" means any Person that owns or controls directly or indirectly ten percent (10%) or more of the stock of another entity, any Person that controls or is controlled by or is under common control with such Persons or any Affiliate of such Persons and each of such Person's officers, directors, joint venturers or partners.

(b) "Code" means the Uniform Commercial Code as adopted and in effect in the State of Florida, as amended from time to time; provided that if by reason of mandatory provisions of law, the creation and/or perfection or the effect of perfection or nonperfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Florida, the term "Code" shall also mean the Uniform Commercial Code as in effect from time to time in such jurisdiction for purposes of the provisions hereof relating to such creation, perfection or effect of perfection or non-perfection.

(c) "Equity Securities" of Borrower means (1) all common stock, preferred stock, participations, shares, partnership interests, membership interests or other equity interests in and of Borrower (regardless of how designated and whether or not voting or nonvoting) and (2) all warrants, options and other rights to acquire any of the foregoing.

(d) "Event of Default" shall mean the occurrence of one or more of the following events:

(1) Borrower shall fail to make any payment due to Lender under this Third Amended and Restated Note when the same shall become due and payable, whether at maturity, by acceleration or otherwise, within five days after receipt of written notice from Lender that such payment is due and unpaid.

(2) Borrower violates any of the covenants contained in Sections 7 and 8 of this Third Amended and Restated Note and fails to remedy such violation within ten (10) days after receipt of written notice from Lender that such a violation has occurred.

(3) Any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower receives notice thereof; provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower.

(4) One or more defaults shall exist under any agreement with any third party or parties which consists of the failure to pay any Indebtedness at maturity or which results in a right by such third party or parties, whether or not exercised, to accelerate the maturity of Indebtedness in an aggregate amount in excess of One Hundred Fifty Thousand Dollars ($150,000).

(5) A judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least One Hundred Fifty Thousand Dollars ($150,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period often (10) days or more.

(6) Any material misrepresentation or material misstatement that exists now or hereafter in any warranty, representation, statement, certification, or report made to Lender by Borrower or any officer, employee, agent, or director of Borrower shall prove to have been false or misleading in any material respect when made or furnished.

(7) Any document executed in connection with the Loan ceases to be, or Borrower asserts that such document is not, in any material respect, a legal, valid and binding obligation of Borrower enforceable in accordance with its terms.

(8) A proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee (or similar official) of Borrower or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding.

(9) Borrower commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, consents to the entry of an order for relief in an involuntary case under any such law, or consents to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian (or other similar official) of Borrower or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing.

(e) "Indebtedness" means, with respect to Borrower, the aggregate amount of, without duplication, (a) all obligations of Borrower for borrowed money, (b) all obligations of Borrower evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of Borrower to pay the deferred purchase price of property or services (excluding trade payables aged less than one hundred eighty (180) days), (d) all capital lease obligations of Borrower, (e) all obligations or liabilities of others secured by a Lien on any asset of Borrower, whether or not such obligation or liability is assumed, (t) all obligations or liabilities of others guaranteed by Borrower, and (g) any other obligations or liabilities which are required by GAAP to be shown as debt on the balance sheet of Borrower.

(f) "Intellectual Property" means all of Borrower's right, title and interest in and to patents, patent rights (and applications and registrations therefor), trademarks and service marks (and applications and registrations therefor), inventions, copyrights, mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, source code, object code, trade secrets, methods, processes, know how, drawings, specifications, descriptions, and all memoranda, notes, and records with respect to any research and development, all whether now owned or subsequently acquired or developed by Borrower and whether in tangible or intangible form or contained on magnetic media readable by machine together with all such magnetic media (but not including embedded computer programs and supporting information included within the definition of "goods" under the Code).

(g) "Lien" means any voluntary or involuntary security interest, pledge, bailment, lease, mortgage, hypothecation, conditional sales and title retention agreement, encumbrance or other lien with respect to any property of the Borrower in favor of any person.

(h) "Permitted Indebtedness" means and includes:

(1) Indebtedness of Borrower to Lender;

(2) Indebtedness arising from the endorsement of instruments in the ordinary course of business;

(3) Indebtedness existing on the date hereof and disclosed in the Schedule of Exceptions to the Amended Credit Agreement or in the financial statements included with the Company's periodic reports filed with the SEC;

(4) Indebtedness of Borrower in an aggregate original principal amount not to exceed $250,000 which is secured by Liens permitted under clause (5) of the definition of Permitted Liens;

(5) Other Indebtedness in an aggregate amount not exceeding $500,000 at any time; and

(6) Extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower.

(i) "Permitted Investments" means and includes any of the following investments:

(1) Deposits and deposit accounts with commercial banks organized under the laws of the United States or a state thereof to the extent: (i) the deposit accounts of each such institution are insured by the Federal Deposit Insurance Corporation up to the legal limit; and (ii) each such institution has an aggregate capital and surplus of not less than One Hundred Million Dollars ($100,000,000).

(2) Investments in marketable obligations issued or fully guaranteed by the United States and maturing not more than one (l) year from the date of Issuance.

(3) Investments in open market commercial paper rated at least "A1" or "P1" or higher by a national credit rating agency and maturing not more than one (1) year from the creation thereof.

(4) Investments pursuant to or arising under currency agreements or interest rate agreements entered into in the ordinary course of business.

(5) Investments, not requiring the use of cash or the assumption of liabilities, in joint ventures, partnerships or similar business arrangements entered into in the ordinary course of business in substantially the same industry and growth stage as Borrower.

(6) Other investments aggregating not In excess of Five Hundred Thousand Dollars ($500,000) at any time.

(j) "Permitted Liens" means:

(1) The Lien created by this Agreement.

(2) Liens for fees, taxes, levies, imposts, duties or other governmental charges of any kind which are not yet delinquent or which are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided that such appropriate proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such Lien or reserves sufficient to discharge such Lien have been provided on the books of Borrower).

(3) Liens existing as of the date of this Third Amended and Restated Note and identified in the Schedule of Exceptions to the Amended Credit Agreement.

(4) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings (provided that such appropriate proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such Lien or reserves sufficient to discharge such Lien have been provided on the books of Borrower).

(5) Liens upon any equipment or other personal property acquired by Borrower after the date hereof to secure (i) the purchase price of such equipment or other personal property, or (ii) lease obligations or indebtedness incurred solely for the purpose of financing the acquisition of such equipment or other personal property; provided that such Liens are confined solely to the equipment or other personal property so acquired and the proceeds thereof and the amount secured does not exceed the acquisition price thereof.

(6) licenses of Intellectual Property entered into in the ordinary course of business (whether as licensor or licensee);

(7) bankers' liens, rights of setoff and similar Liens incurred on deposits made in the ordinary course of business and Liens in favor of financial institutions arising in connection with Borrower's deposit accounts or securities accounts held at such institutions to secure customary fees and charges;

(8) any judgment, attachment or similar Lien not resulting in an Event of Default hereunder; and

(9) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described above but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase.

(k) "Person" means and includes any individual, any partnership, any corporation, any business trust, any joint stock company, any limited liability company, any unincorporated association or any other entity and any domestic or foreign national, state or local government, any political subdivision thereof, and any department, agency, authority or bureau of any of the foregoing.

(l) "Subsidiary" means any corporation or other entity of which a majority of the outstanding equity securities entitled to vote for the election of directors or other governing body (otherwise than as the result of a default) is owned by Borrower directly or indirectly through Subsidiaries.

(m) "Warrant" means the warrant to acquire 4,000,000 shares of Common Stock of Borrower, dated as of March 27, 2007, issued to Lender.

2. Payments of Principal, Interest, Etc. The principal amount of the Loan evidenced hereby, together with any accrued and unpaid interest, and any and all unpaid costs, fees and expenses accrued, shall be due and payable on March 31, 2012 (the "Maturity Date").

3. Interest. All amounts outstanding from time to time hereunder shall bear interest until such amounts are paid, at the Interest Rate (as defined in the Amended Credit Agreement). Following any Event of Default (including before or after any judgment is entered) and after the Maturity Date, the principal balance outstanding hereunder, together with all such other amounts outstanding hereunder, shall bear interest at a rate per annum equal to the Default Rate (as defined in the Amended Credit Agreement).

4. Prepayments. Borrower may prepay in cash, at any time or from time to time, all or any portion of the amounts due hereunder, without penalty or premium; *provided, however,* that any prepayment (whether voluntary or involuntary) shall be applied first to accrued and unpaid interest and second to outstanding principal and other sums due hereunder.

5. Security Interest.

(a) Grant of Security Interest. Borrower grants to Lender a valid and continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt, full and complete payment of the amounts due hereunder and in order to secure prompt, full and complete performance by Borrower of each of its covenants and duties under the Amended Credit Agreement and this Third Amended and Restated Note. The "Collateral" shall mean and include all right, title, interest, claims and demands of Borrower in and to all personal property of Borrower located within the United States, including without limitation, all of the following:

(1) All goods (and embedded computer programs and supporting information included within the definition of "goods" under the Code) and equipment now owned or hereafter acquired, including, without limitation, all laboratory equipment, computer equipment, office equipment, machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located.

(2) All inventory now owned or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's books relating to any of the foregoing.

(3) All contract rights and general intangibles (except to the extent included within the definition of Intellectual Property), now owned or hereafter acquired, including, without limitation, goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, software, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payment intangibles, commercial tort claims, payments of insurance and rights to payment of any kind.

(4) All now existing and hereafter arising accounts, contract rights, royalties, license rights, license fees and all other forms of obligations owing to Borrower arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Borrower (subject, in each case, to the contractual rights of third parties to require funds received by Borrower to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's books relating to any of the foregoing.

(5) All documents, cash, deposit accounts, letters of credit (whether or not the letter of credit is evidenced by a writing), certificates of deposit, instruments, promissory notes, chattel paper (whether tangible or electronic) and investment property, including, without limitation, all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and Borrower's books relating to the foregoing.

(6) Any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including, without limitation, insurance, condemnation, requisition or similar payments and proceeds of the sale or licensing of Intellectual Property to the extent such proceeds no longer constitute Intellectual Property.

(7) Notwithstanding the foregoing, the Collateral shall not include any Intellectual Property; provided, however, that the Collateral shall include all accounts receivables, accounts, and general intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the foregoing (the "Rights to Payment"). Notwithstanding the foregoing, if a judicial authority (including a U.S. Bankruptcy Court) holds that a security interest in the underlying Intellectual Property is necessary to have a security interest in the Rights to Payment, then the Collateral shall automatically, and effective as of the date hereof, include the Intellectual Property to the extent necessary to permit perfection of Lender's security interest in the Rights to Payment.

(b) After-Acquired Property. If Borrower shall at any time acquire a commercial tort claim, as defined in the Code, Borrower shall immediately notify Lender in writing signed by Borrower of the brief details thereof and grant to Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Third Amended and Restated Note, with such writing to be in form and substance satisfactory to Lender.

(c) Duration of Security Interest. Lender's security interest in the Collateral shall continue until the payment in full and the satisfaction of all obligations of Borrower under this Third Amended and Restated Note, and the termination of any commitment to fund any Loan, whereupon such security interest shall terminate. Lender shall, at Borrower's sole cost and expense, execute such further documents and take such further actions as may be reasonably necessary to make effective the release contemplated by this Section 5(c). including duly executing and delivering termination statements for filing in all relevant jurisdictions under the Code.

(d) Location and Possession of Collateral. The Collateral is and shall remain in the possession of Borrower at its locations at 4400 Biscayne Blvd., 15th Floor, Miami, Florida, Hialeah, Florida, and Jupiter, Florida. Borrower shall remain in full possession, enjoyment and control of the Collateral (except only as may be otherwise required by Lender for perfection of its security interest therein) and so long as no Event of Default has occurred and is continuing, shall be entitled to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided that the possession, enjoyment, control and use of the Collateral shall at all time be subject to the observance and performance of the terms of this Agreement.

(e) Delivery of Additional Documentation Required. Borrower shall from time to time execute and deliver to Lender, at the request of Lender, all financing statements and other documents Lender may reasonably request, in form satisfactory to Lender, to perfect and continue Lender's perfected security interests in the Collateral and in order to consummate fully all of the transactions contemplated under this Third Amended and Restated Note and the Amended Credit Agreement.

(f) Right to Inspect. Lender (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours, to inspect Borrower's books and records and to make copies thereof and to inspect, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

(g) Protection of Intellectual Property. Borrower shall use its commercially reasonable efforts to (i) protect, defend and maintain the validity and enforceability of its material Intellectual Property and promptly advise Lender in writing of material infringements which become known to Borrower, and (ii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public except in the ordinary course of Borrower's business.

6. Subordination. Lender agrees that the Liens granted to it hereunder in equipment and other personal property acquired by Borrower after the date hereof ("Third Party Equipment") which secure Indebtedness constituting Permitted Indebtedness under Subclause (4) of the definition of Permitted Indebtedness shall be subordinate to the Liens of existing or future lenders providing equipment financing and equipment lessors for Third Party Equipment or if such lenders prohibit the granting of Liens to other lenders, Lender shall release its Lien on such Third Party Equipment and the proceeds thereof; provided that such Liens are confined solely to the equipment so financed and the proceeds thereof and are Permitted Liens. Upon the expiration of the Liens of such other lenders or the termination of their prohibition of Liens in favor of other Lenders, the Third Party Equipment shall automatically become part of the Collateral, and Lender is authorized at that time to amend any filed financing statement(s) to reflect that change. Notwithstanding the foregoing, the obligations hereunder shall not be subordinate in right of payment to any obligations to other lenders, equipment lenders or equipment lessors, and Lender's rights and remedies hereunder shall not in any way be subordinate to the rights and remedies of any such lenders or equipment lessors.

7. Affirmative Covenants. Borrower covenants that, so long as any amounts are due and payable hereunder to Lender or any commitment to make any Loan still exists, Borrower shall:

(a) Maintain its corporate existence and its good standing in its jurisdiction of incorporation and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a material adverse effect on the financial condition, operations or business of Borrower. Borrower shall maintain in force all licenses, approvals and agreements, the loss of which could reasonably be expected to have a material adverse effect on its financial condition, operations or business.

(b) Comply with all statutes, laws, ordinances and government rules and regulations to which it is subject, noncompliance with which could reasonably be expected to materially adversely affect the financial condition, operations or business of Borrower.

(c) Deliver to Lender, promptly as they are available and in any event: (i) at the time of filing of Borrower's Form 10-K with the Securities and Exchange Commission after the end of each fiscal year of Borrower, the financial statements of Borrower filed with such Form 10-K; and (ii) at the time of filing of Borrower's Form 10-Q with the Securities and Exchange Commission after the end of each of the first three fiscal quarters of Borrower, the financial statements of Borrower filed with such Form 10-Q. If, at any time during which any Obligations are outstanding under this Third Amended and Restated Note, Borrower ceases to be subject to the reporting obligations of the Securities and Exchange Act of 1934, as amended, Borrower shall deliver to Lender (w) as soon as available, but in any event within forty five (45) days after the end of each month, a company prepared balance sheet, income statement and cash flow statement covering Borrower's operations during such period, certified by Borrower's president, treasurer or chief financial officer (each, a "Responsible Officer"); (x) as soon as available, but in any event within one hundred twenty (120) days after the end of Borrower's fiscal year, audited financial statements of Borrower prepared in accordance with GAAP, together with an unqualified opinion on such financial statements of a nationally recognized or other independent public accounting firm reasonably acceptable to Lender; (y) as soon as available, but in any event within ninety (90) days after the end of Borrower's fiscal year or the date of Borrower's board of directors' adoption, Borrower's operating budget and plan for the next fiscal year; and (z) such other financial information as Lender may reasonably request from time to time. In addition, Borrower shall deliver to Lender (i) promptly upon becoming available, copies of all statements, reports and notices sent or made available generally by Borrower to its security holders; (ii) immediately upon receipt of notice thereof, a report of any material legal actions pending or threatened against Borrower or the commencement of any action, proceeding or governmental investigation involving Borrower is commenced that is reasonably expected to result in damages or costs to Borrower of One Hundred Fifty Thousand Dollars ($150,000) or more; and (iii) such other financial information as Lender may reasonably request from time to time.

(d) Each time financial statements are furnished pursuant to Section 7(c) above, deliver to Lender an Officer's Certificate signed by a Responsible Officer in form satisfactory to Lender, certifying such financial statements, Borrower's compliance with the terms of this Third Amended and Restated Note and that no default or Event of Default has occurred under this Third Amended and Restated Note.

(e) As soon as possible, and in any event within five (5) days after the discovery of a default or an Event of Default, provide Lender with an Officer's Certificate setting forth the facts relating to or giving rise to such default or Event of Default and the action which Borrower proposes to take with respect thereto.

(f) Make due and timely payment or deposit of all federal, state, and local taxes, assessments, or contributions required of it by law or imposed upon any property belonging to it, and will execute and deliver to Lender, on demand, appropriate certificates attesting to the payment or deposit thereof; and Borrower will make timely payment or deposit of all tax payments and withholding taxes required of it by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Lender with proof satisfactory to Lender indicating that Borrower has made such payments or deposits; provided that Borrower need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings which suspend the collection thereof (provided that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such amounts or reserves sufficient to discharge such amounts have been provided on the books of Borrower).

(g) Keep and maintain all items of equipment and other similar types of personal property that form any significant portion or portions of the Collateral in good operating condition and repair and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall at all times be maintained and preserved. Borrower shall not permit any such material item of Collateral to become a fixture to real estate or an accession to other personal property, without the prior written consent of Lender. Borrower shall not permit any such material item of Collateral to be operated or maintained in violation of any applicable law, statute, rule or regulation. With respect to items of leased equipment (to the extent Lender has any security interest in any residual Borrower's interest in such equipment under the lease), Borrower shall keep, maintain, repair, replace and operate such leased equipment in accordance with the terms of the applicable lease.

(h) Keep its business and the Collateral insured for risks and in amounts, and as Lender may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Lender. All property policies shall have a lender's loss payable endorsement showing Lender as an additional loss payee and all liability policies shall show Lender as an additional insured and all policies shall provide that the insurer must give Lender at least thirty (30) days notice before canceling its policy. At Lender's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Subject to the rights of the Senior Obligations, proceeds payable under any policy shall, at Lender's option, be payable to Lender on account of the Obligations. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy, toward the replacement or repair of destroyed or damaged property; provided that (i) any such replaced or repaired property (a) shall be of equal or like value as the replaced or repaired Collateral and (b) shall be deemed Collateral in which Lender has been granted a security interest and (ii) subject to the rights of the Senior Obligations, after the occurrence and during the continuation of an Event of Default all proceeds payable under such casualty policy shall, at the option of Lender, be payable to Lender, on account of the Indebtedness evidenced by this Third Amended and Restated Note and the Amended Credit Agreement. If Borrower fails to obtain insurance as required under Section 7(h) or to pay any amount or furnish any required proof of payment to third persons and Lender, Lender may make all or part of such payment or obtain such insurance policies required in Section 7(h), and take any action under the policies Lender deems prudent. On or prior to the Initial Closing Date and prior to each policy renewal, Borrower shall furnish to Lender certificates of insurance or other evidence satisfactory to Lender that insurance complying with all of the above requirements is in effect.

(i) Assuming the proper filing of one or more financing statement(s) identifying the Collateral with the proper state and/or local authorities, the security interests in the Collateral granted to Lender pursuant to this Agreement (i) constitute and will continue to constitute first priority security interests (except to the extent any Permitted Liens may have a superior priority to Lender's Lien under this Agreement) and (ii) are and will continue to be superior and prior to the rights of all other creditors of Borrower (except to the extent of such Permitted Liens).

(j) At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Lender to make effective the purposes of this Agreement, including without limitation, the continued perfection and priority of Lender's security interest in the Collateral.

8. Negative Covenants. Borrower covenants that, so long as any amounts are due and payable hereunder to Lender or any commitment to make any Loan still exists, without the prior approval of Lender, Borrower shall not:

(a) Change its name, jurisdiction of incorporation, or principal place of business without thirty (30) days prior written notice to Lender.

(b) Subject to its rights under Section 8(d), remove any items of Collateral from the Collateral location(s) specified in this Third Amended and Restated Note.

(c) Create, incur, assume or suffer to exist any Lien of any kind upon any of Borrower's property, whether now owned or hereafter acquired, except Permitted Liens.

(d) Convey, sell, lease or otherwise dispose of all or any part of the Collateral to any Person (collectively, a "Transfer"), except for: (i) Transfers of inventory in the ordinary course of business; or (ii) Transfers of worn-out or obsolete equipment.

(e) Except as set forth in the Schedule of Exceptions to the Amended Credit Agreement delivered by Borrower as of the date hereof and pursuant to obligations under its Certificate of Incorporation, (i) pay any dividends or make any distributions on its Equity Securities; (ii) purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Securities (other than repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements or similar arrangements in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000)); (iii) return any capital to any holder of its Equity Securities as such; (iv) make any distribution of assets, Equity Securities, obligations or securities to any holder of its Equity Securities as such; or (v) set apart any sum for any such purpose; provided, however, Borrower may pay dividends payable solely in common stock.

(f) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto.

(g) Enter into any contractual obligation with any Affiliate or engage in any other transaction with any Affiliate except upon terms at least as favorable to Borrower as an arms-length transaction with persons who are not Affiliates of Borrower.

(h) (i) Prepay, redeem, purchase, defease or otherwise satisfy in any manner prior to the scheduled repayment thereof any Indebtedness for borrowed money (other than amounts due or permitted to be prepaid under this Agreement) or lease obligations, (ii) amend, modify or otherwise change the terms of any Indebtedness for borrowed money or lease obligations so as to accelerate the scheduled repayment thereof or (iii) repay any notes to officers, directors or shareholders.

(i) Create, incur, assume or permit to exist any Indebtedness except Permitted Indebtedness.

(j) Make any investment except for Permitted Investments.

(k) Become an "investment company" or a company controlled by an "investment company" under the Investment Company Act of 1940 or undertake as one of its important activities extending credit to purchase or carry margin stock, or use the proceeds of any Loan for that purpose; fail to meet the minimum funding requirements of the Employment Retirement Income Security Act of 1974, and its regulations, as amended from time to time ("ERISA"), permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business or operations or could reasonably be expected to cause a material adverse change, or permit any of its Subsidiaries to do so.

(l) Create, incur, assume or suffer to exist any Lien of any kind upon any Intellectual Property or Transfer any Intellectual Property, whether now owned or hereafter acquired, other than licenses of Intellectual Property entered into in the ordinary course of business.

9. Lender's Rights and Remedies.

(a) Rights and Remedies. Upon the occurrence of an Event of Default, while such Event of Default is continuing (provided that an Event of Default shall be continuing at all times after any cure period therefor expires), Lender shall not have any further obligation to advance money or extend credit to or for the benefit of Borrower. In addition, upon the occurrence and during the continuance of an Event of Default, the entire unpaid principal sum hereunder, plus any and all interest accrued thereon, plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest, or other notice of dishonor, all of which are hereby expressly waived by Borrower. Lender shall have the rights, options, duties and remedies of a secured party as permitted by law and, in addition to and without limitation of the foregoing, Lender may, at its election, without notice of election and without demand, do anyone or more of the following, all of which are authorized by Borrower:

(1) Make such payments and do such acts as Lender considers necessary or reasonable to protect Lender's security interest in the Collateral. Borrower agrees to assemble the Collateral if Lender so requires and to make the Collateral available to Lender as Lender may designate. Borrower authorizes Lender and its designees and agents to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any Lien which in Lender's determination appears or is claimed to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Lender a license to enter into possession of such premises and to occupy the same, without charge, for up to one hundred twenty (120) days in order to exercise any of Lender's rights or remedies provided herein, at law, in equity, or otherwise;

(2) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Lender and its agents and any purchasers at or after foreclosure are hereby granted a nonexclusive, irrevocable, perpetual, fully paid, royalty-free license or other right, solely pursuant to the provisions of this Section 9, to use, without charge, Borrower's Intellectual Property, including without limitation, labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, now or at any time hereafter owned or acquired by Borrower or in which Borrower now or at any time hereafter has any rights; provided that such license shall only be exercisable in connection with the disposition of Collateral upon Lender's exercise of its remedies hereunder;

(3) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Lender determines are commercially reasonable; and

(4) Credit bid and purchase all or any portion of the Collateral at any public sale.

Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

(b) Set Off Right. Lender may set off and apply to the obligations hereunder any and all indebtedness at any time owing to or for the credit or the account of Borrower or any other assets of Borrower in Lender's possession or control.

(c) Effect of Sale. Upon the occurrence of an Event of Default and during the continuation thereof, to the extent permitted by law, Borrower covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, except as to rights

expressly provided herein, hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of Borrower, acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Lender, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Borrower in and to the property sold, and shall be a perpetual bar, both at law and in equity, against Borrower, its successors and assigns, and against any and all Persons claiming the property sold or any part thereof under, by or through Borrower, its successors or assigns.

(d) Power of Attorney in Respect of the Collateral. Borrower does hereby irrevocably appoint Lender (which appointment is coupled with an interest), the true and lawful attorney in fact of Borrower with full power of substitution, for it and in its name to file any notices of security interests, financing statements and continuations and amendments thereof pursuant to the Code or federal law, as may be necessary to perfect, or to continue the perfection of Lender's security interests in the Collateral. Borrower does hereby irrevocably appoint Lender (which appointment is coupled with an interest) on the occurrence of an Event of Default and during the continuation thereof, the true and lawful attorney in fact of Borrower with full power of substitution, for it and in its name: (a) to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, issues, profits, avails, distributions, income, payment draws and other sums in which a security interest is granted under Section 5 with full power to settle, adjust or compromise any claim thereunder as fully as if Lender were Borrower itself; (b) to receive payment of and to endorse the name of Borrower to any items of Collateral (including checks, drafts and other orders for the payment of money) that come into Lender's possession or under Lender's control; (c) to make all demands, consents and waivers, or take any other action with respect to, the Collateral; (d) in Lender's discretion to file any claim or take any other action or proceedings, either in its own name or in the name of Borrower or otherwise, which Lender may reasonably deem necessary or appropriate to protect and preserve the right, title and interest of Lender in and to the Collateral; (e) endorse Borrower's name on any checks or other forms of payment or security; (f) sign Borrower's name on any invoice or bill of lading for any account or drafts against account debtors; (g) make, settle, and adjust all claims under Borrower's insurance policies; (h) settle and adjust disputes and claims about the accounts directly with account debtors, for amounts and on terms Lender determines reasonable; (i) transfer the Collateral into the name of Lender or a third party as the Code permits; and G) to otherwise act with respect thereto as though Lender were the outright owner of the Collateral.

10. Remedies Cumulative, Etc.

(a) No right or remedy conferred upon or reserved to Lender hereunder or now or hereafter existing at law or in equity is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and in addition to every other such right or remedy, and may be pursued singly, concurrently, successively or otherwise, at the sole discretion of Lender, and shall not be exhausted by anyone exercise thereof but may be exercised as often as occasion therefor shall occur.

(b) Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest, notice of dishonor and any and all other notices in connection with any default in the payment of, or any enforcement of the payment of, all amounts due under this Third Amended and Restated Note. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

(c) Costs and Expenses. Following the occurrence of any Event of Default, Borrower shall pay upon demand all costs and expenses (including reasonable attorneys' fees and expenses) incurred by Lender in the exercise of any of its rights, remedies or powers under this Third Amended and Restated Note and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and shall bear interest at the Default Rate from the date of such demand until paid in full.

11. Indemnification and Waiver. Whether or not the transactions contemplated hereby shall be consummated:

(a) General Indemnity. Borrower agrees upon demand to payor reimburse Lender for all liabilities, obligations and out-of-pocket expenses, including Lender's expenses and reasonable fees and expenses of counsel for Lender from time to time arising in connection with the enforcement or collection of sums due under this Third Amended and Restated Note or the Amended Credit Agreement, and in connection with any amendment or modification of such documents or any "work-out" in connection with such documents. Borrower shall indemnify, reimburse and hold Lender, and each of its respective successors, assigns, agents, attorneys, officers, directors, shareholders, servants, agents and employees (each an "Indemnified Person") harmless from and against all liabilities, losses, damages, actions, suits, demands, claims of any kind and nature (including claims relating to environmental discharge, cleanup or compliance), all costs and expenses whatsoever to the extent they may be incurred or suffered by such Indemnified Person in connection therewith (including reasonable attorneys' fees and expenses), fines, penalties (and other charges of any applicable governmental authority), licensing fees relating to any item of Collateral, damage to or loss of use of property (including consequential or special damages to third parties or damages to Borrower's property), or bodily injury to or death of any person (including any agent or employee of Borrower) (each, a "Claim"), directly or indirectly relating to or arising out of the use of the proceeds of the Loans or otherwise, the falsity of any representation or warranty of Borrower or Borrower's failure to comply with the terms of this Third Amended and Restated Note or the Amended Credit Agreement. The foregoing indemnity shall cover, without limitation, (i) any Claim in connection with a design or other defect (latent or patent) in any item of equipment or product included in the Collateral, (ii) any Claim for infringement of any patent, copyright, trademark or other intellectual property right, (iii) any Claim resulting from the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Substances on the premises owned, occupied or leased by Borrower, including any Claims asserted or arising under any environmental law, or (iv) any Claim for negligence or strict or absolute liability in tort; provided, however, Borrower shall not indemnify Lender for any liability incurred by Lender as a direct and sole result of Lender's gross negligence or willful misconduct. Such indemnities shall continue in full force and effect, notwithstanding the expiration or termination of this Third Amended and Restated Note. Upon Lender's written demand, Borrower shall assume and diligently conduct, at its sole cost and expense, the entire defense of Lender, each of its partners, and each of their respective, agents, employees, directors, officers, shareholders, successors and assigns against any indemnified Claim described in this Section. Borrower shall not settle or compromise any Claim against or involving Lender without first obtaining Lender's written consent thereto, which consent shall not be unreasonably withheld.

12. Notices. All notices required to be given to any of the parties hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when presented personally to such party or sent by hand delivery, facsimile, courier service guaranteeing next business day delivery, or overnight U.S. express mail, return receipt requested, to such party at its address set forth in the Amended Credit Agreement with copies to the parties designated to receive copies in the Amended Credit Agreement. Such notice shall be deemed to be given when received. Any notice of any change in such address shall also be given in the manner set forth above. Whenever the giving of notice is required, the giving of such notice may be waived in writing by the party entitled to receive such notice.

13. Severability. In the event that any provision of this Third Amended and Restated Note is held to be invalid, illegal or unenforceable in any respect or to any extent, such provision shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. Any such invalidity, illegality or unenforceability shall not affect any other provisions of this Third Amended and Restated Note, but this Third Amended and Restated Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Successors and Assigns. This Third Amended and Restated Note inures to the benefit of Lender and binds Borrower, and their respective successors and assigns, and the words "Borrower" and "Lender" whenever occurring herein shall be deemed and construed to include such respective successors and assigns; provided, however, neither this Third Amended and Restated Note nor any rights hereunder may be assigned by Borrower without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion.

15. Governing Law. This Third Amended and Restated Note shall be governed by and construed in accordance with the laws of the State of Florida. Borrower agrees that any action or proceeding against it to enforce the Third Amended and Restated Note may be commenced in state or federal court in any county in the State of Florida, and Borrower waives personal service of process and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served by registered or certified mail in accordance with the notice provisions set forth herein.

16. Entire Agreement; Construction; Amendments and Waivers.

(a) Entire Agreement. This Third Amended and Restated Note and each of the related loan documents dated as of the date hereof, taken together, constitute and contain the entire agreement between Borrower and Lender with respect to the subject matter hereof and supersede any and all prior agreements, negotiations, correspondence, understandings and communications between the parties, whether written or oral, with respect to such subject matter. Borrower acknowledges that it is not relying on any representation or agreement made by Lender or any employee, attorney or agent thereof, other than the specific agreements set forth in this Third Amended and Restated Note and the related loan documents.

(b) Construction. This Third Amended and Restated Note is the result of negotiations between and has been reviewed by each of Borrower and Lender as of the date hereof and their respective counsel; accordingly, this Third Amended and Restated Note shall be deemed to be the product of the parties hereto, and no ambiguity shall be construed in favor of or against Borrower or Lender. Borrower and Lender agree that they intend the literal words of this Third Amended and Restated Note and the related loan documents and that no parol evidence shall be necessary or appropriate to establish Borrower's or Lender's actual intentions.

(c) Amendments and Waivers. Any and all amendments, modifications, discharges or waivers of, or consents to any departures from any provision of this Third Amended and Restated Note or of any of the related loan documents shall not be effective without the written consent of Lender and Borrower. Any waiver or consent with respect to any provision of such loan documents shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances. Any amendment, modification, waiver or consent affected in accordance with this Section shall be binding upon Lender and on Borrower.

17. Reliance by Lender. All covenants, agreements, representations and warranties made herein by Borrower shall be deemed to be material to and to have been relied upon by Lender, notwithstanding any investigation by Lender.

18. No Set-Offs by Borrower. All sums payable by Borrower pursuant to this Third Amended and Restated Note or any of the related loan documents shall be payable without notice or demand and shall be payable in United States Dollars without set-off or reduction of any manner whatsoever.

19. Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any obligations hereunder or commitment to fund remain outstanding. The obligations of Borrower to indemnify Lender with respect to the expenses, damages, losses, costs and liabilities described in Section 11 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Lender have run.

20. **WAIVER OF TRIAL BY JURY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABL Y WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO TRIAL BY JURY.**

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, Borrower has duly executed this Third Amended and Restated Note as of the day and year first above written.

OPKO HEALTH, INC.

By: _____
Name:
Title:

Exhibit 31.1

CERTIFICATIONS

I, Phillip Frost, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of OPKO Health, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2011

/s/ Phillip Frost
Phillip Frost, M.D.
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Rao Uppaluri, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of OPKO Health, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 9, 2011

/s/ Rao Uppaluri
Rao Uppaluri
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 73 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, I, Phillip Frost, Chief Executive Officer of OPKO Health, Inc. (the "Company"), hereby certify that:

The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2011

/s/ Phillip Frost
Phillip Frost
Chairman of the Board, Chief Executive Officer

Exhibit 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 73 of Title 18, United States Code)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant section 906 of the Sarbanes-Oxley Act of 2002, I, Rao Uppaluri, Chief Financial Officer of OPKO Health, Inc. (the "Company"), hereby certify that:

The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2011

/s/ Rao Uppaluri
Rao Uppaluri
Chief Financial Officer