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

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2009

OR

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

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., FL 33137
(Address of Principal Executive Offices, Zip Code)

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

Securities registered pursuant to section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value per share	NYSE Amex

Securities registered pursuant to section 12(g) of the Act:

None

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

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

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

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

Large Accelerated filer ☐	Accelerated filer ☑	Non-Accelerated filer ☐ (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 Act).

Yes ☐ No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter was: $196,865,850.

As of November 3, 2010 the registrant had 255,356,326 shares of common stock outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement for its 2010 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K.

Explanatory Note

OPKO Health, Inc. (the "Company") is filing this Amendment No. 1 to the Annual Report on Form 10-K (the "Form 10-K/A") to amend its Annual Report on Form 10-K for the year ended December 31, 2009, which was filed with the Securities and Exchange Commission ("SEC") on March 17, 2010 (the "Original Filing" and together with the Form 10-K/A, the "Form 10-K") to include restated financial statements as described in Note 21 to the consolidated financial statements. The Company has restated its previously issued consolidated financial statements as of and for the year ended December 31, 2009, to reflect the Company's determination that it did not properly account for the September 28, 2009 Series D Convertible Preferred Stock (the "Preferred Stock") offering. In connection with the issuance of 1,209,667 shares of Preferred Stock, we issued warrants to purchase up to an aggregate of 3,024,194 shares of our common stock at an exercise price of $2.48 per share. The Company should have allocated the $30 million in proceeds received from the issuance of the Preferred Stock and warrants to those instruments based on their relative fair values, which would have resulted in a $3.9 million beneficial conversion feature. Because the Preferred Stock was immediately convertible into common stock, the beneficial conversion feature should have been immediately recognized as a deemed dividend and should have increased the loss attributable to common shareholders. In addition, the Company is correcting the classification of the Preferred Stock from a component of equity to the mezzanine section of the balance sheet.

The revisions relate to non-operating and non-cash items as of and for the quarter ended September 30, 2009, and as of and for the year ended December 31, 2009, and did not impact the Company's consolidated financial statements for periods prior to September 30, 2009. The restatement does not change the Company's previously reported revenues, operating income or cash and cash equivalents shown in its consolidated financial statements for the year ended December 31, 2009.

In connection with the determination to restate its consolidated financial statements for the year ended December 31, 2009, management has concluded that deficiencies relating to the accounting for a beneficial conversion feature, and the classification of convertible preferred stock rise to the level of a material weakness, and accordingly will include an amended Item 9A in the Form 10-K/A when filed. A ''material weakness'' is defined as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

This Form 10-K/A amends the following items in the Company's Original Filing to reflect the change in accounting treatment:

Part II, Item 6. Selected Financial Data

Part II, Item 8. Financial Statements and Supplementary Data

Part II, Item 9A. Controls and Procedures

Part IV, Item 15. Exhibits, Financial Statement Schedules

Other than as described above, none of the other disclosures in the Original Filing have been amended or updated. Among other things, forward-looking statements made in the Original Filing have not been revised to reflect events that occurred or facts that became known to the Company after the filing of the Original Filing, and such forward-looking statements should be read in their historical context. Accordingly, this Annual Report on Form 10-K/A should be read in conjunction with the Company's filings with the Securities and Exchange Commission subsequent to the Original Filing. Quarterly reports on Form 10-Q during the year ended December 31, 2009 affected by the restatements have not been amended and should not be relied upon.

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ITEM 6. SELECTED FINANCIAL DATA.

The following selected historical consolidated statement of operations data for the years ended December 31, 2009, 2008, and 2007 and for the period from inception (June 23, 2006) through December 31, 2006 and the consolidated balance sheet data as of December 31, 2009, 2008, 2007, and 2006, below are derived from our audited consolidated financial statements and related notes thereto. This data should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operation" and our consolidated financial statements and the related notes thereto.

(in thousands, except share and per shares information)	For the years ended December 31, 2009 (restated, Refer to Note 21)	2008	2007	For the period from inception June 23, 2006 through December 31, 2006
Statement of operations data				
Revenue	$ 13,147	$ 9,440	$ 847	$ —
Cost of goods sold	9,567	8,559	808	—
Gross margin	3,580	881	39	—
Operating expenses:				
Selling, general and administrative	13,518	14,790	12,466	375
Research and development	12,881	21,562	10,850	508
Write-off of acquired in-process research and development	2,000	1,398	243,761	—
Other operating expenses; primarily amortization of intangible assets	3,201	1,694	150	—
Total operating expenses	31,600	39,444	267,227	883
Operating loss	(28,020)	(38,563)	(267,188)	(883)
Other (expense) income, net	(2,034)	(1,354)	(671)	6
Loss before income taxes and investment losses	(30,054)	(39,917)	(267,859)	(877)
Income tax benefit	294	83	83	—
Net loss before investment losses	(29,760)	(39,834)	(267,776)	(877)
Loss from investments in investees	(353)	—	(629)	—
Net loss	(30,113)	(39,834)	(268,405)	(877)
Preferred stock dividend	(4,718)	(217)	(217)	—
Net loss attributable to common shareholders	$ (34,831)	$ (40,051)	$ (268,622)	$ (877)
Loss per share, basic and diluted	$ (0.15)	$ (0.21)	$ (2.09)	$ (0.01)
Weighted average number of common shares outstanding — basic and diluted	233,191,617	187,713,041	128,772,080	58,733,556
Balance sheet data				
Total assets	$ 87,430	$ 21,764	$ 39,568	$ 116
Working capital	$ 50,795	$ 5,754	$ 19,489	$ 21
Long-term line of credit with related party, notes payable, and capital lease obligations, net	$ 11,932	$ 11,867	$ 14,235	$ —
Series D Preferred Stock	$ 26,128	$ —	$ —	$ —
Shareholders' equity	$ 31,599	$ 359	$ 16,784	$ 21

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of OPKO Health, Inc.

We have audited the accompanying consolidated balance sheets of OPKO Health, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of OPKO Health, Inc. and subsidiaries at December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 21, the consolidated financial statements have been restated to correct the accounting for a beneficial conversion feature and the classification of convertible preferred stock.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), OPKO Health, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 17, 2010, except for the effects of the material weakness described in the seventh paragraph of that report, as to which the date is November 10, 2010, expressed an adverse opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
March 17, 2010, except for the effects
of the restatement described in Note 21,
as to which the date is November 10, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of OPKO Health, Inc.

We have audited OPKO Health, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). OPKO Health, Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Pharma Genexx S.A., which is included in the December 31, 2009 consolidated financial statements of OPKO Health, Inc. and subsidiaries and constituted $28,024,000 and $17,145,000 of total and net assets, respectively, as of December 31, 2009 and $4,418,000 and $176,000 of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of OPKO Health, Inc. and subsidiaries also did not include an evaluation of the internal control over financial reporting of Pharma Genexx S.A.

In our report dated March 17, 2010, we expressed an unqualified opinion that the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria. Management has subsequently determined that a deficiency in controls relating to the accounting for a beneficial conversion feature and the classification of convertible preferred stock existed as of the previous assessment date, and has further concluded that such deficiency represented a material weakness as of December 31, 2009. As a result, management has revised its assessment, as presented in the accompanying Management's Report on Internal Control over Financial Reporting, to conclude that the Company's internal control over financial reporting was not effective as of December 31, 2009. Accordingly, our present opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a

timely basis. The following material weakness has been identified and included in management's assessment. In its assessment as of December 31, 2009, management identified a material weakness in the Company's accounting for a beneficial conversion feature and the classification of convertible preferred stock and, as a result, concluded the Company's previously reported preferred stock dividend, net loss attributable to common shareholders and loss per share, basic and diluted, had been understated and its convertible preferred stock should have been reported outside of shareholders' equity. The insufficient controls over the recording of a beneficial conversion feature and the classification of preferred stock resulted in the restatement of the Company's consolidated financial statements as of and for the year ended December 31, 2009. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of OPKO Health, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2009. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2009 consolidated financial statements, and this report does not affect our report dated March 17, 2010, except for Note 21, as to which the date is November 10, 2010, on those consolidated financial statements (as restated).

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, OPKO Health, Inc. and subsidiaries has not maintained effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
March 17, 2010, except for
the effects of the material weakness described in the
seventh paragraph above, as to which the date is November 10, 2010

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

	December 31, 2009 (restated, Refer to Note 21)	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 42,658	$ 6,678
Accounts receivable, net	8,767	1,005
Inventory, net	10,520	4,063
Current tax asset	109	—
Prepaid expenses and other current assets	1,764	1,720
Total current assets	63,818	13,466
Property and equipment, net	593	659
Intangible assets, net	12,722	6,336
Goodwill	5,408	1,097
Investments	4,447	—
Deferred tax assets	427	—
Other assets	15	206
Total assets	$ 87,430	$ 21,764
LIABILITIES, SERIES D PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 4,784	$ 2,221
Accrued expenses	3,918	5,394
Current portion of lines of credit and notes payable	4,321	97
Total current liabilities	13,023	7,712
Long-term liabilities – interest payable to related party	3,409	1,826
Deferred tax liabilities	1,339	—
Line of credit with related party, net unamortized discount of $68 and $133, respectively	11,932	11,867
Total liabilities	29,703	21,405
Commitments and contingencies		
Series D Preferred Stock – $0.01 par value, 2,000,000 shares authorized; 1,209,677 and 0 shares issued and outstanding (liquidation value of $30,613 and $0) at December 31, 2009 and 2008, respectively	26,128	—
Shareholders' equity		
Series A Preferred stock – $0.01 par value, 4,000,000 shares authorized; 1,025,934 and 953,756 shares issued and outstanding (liquidation value of $2,564 and $2,384) at December 31, 2009 and 2008, respectively	10	10
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; 253,762,552 and 199,020,379 shares issued and outstanding at December 31, 2009 and 2008, respectively	2,538	1,991
Treasury stock (45,154 and 18,000 shares at December 31, 2009 and 2008, respectively)	(61)	(24)
Additional paid-in capital	367,028	307,498
Accumulated other comprehensive income	1,313	—
Accumulated deficit	(339,229)	(309,116)
Total shareholders' equity	31,599	359
Total liabilities, Series D Preferred Stock and shareholders' equity	$ 87,430	$ 21,764

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

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

	For the years ended December 31,		
	2009 (restated, Refer to Note 21)	2008	2007
Revenue	$ 13,147	$ 9,440	$ 847
Cost of goods sold, excluding amortization of intangible assets	9,567	8,559	808
Gross margin, excluding amortization of intangible assets	3,580	881	39
Operating expenses			
Selling, general and administrative	13,518	14,790	12,466
Research and development	12,881	21,562	10,850
Write-off of acquired in-process research and development	2,000	1,398	243,761
Other operating expenses, principally amortization of intangible assets	3,201	1,694	150
Total operating expenses	31,600	39,444	267,227
Operating loss	(28,020)	(38,563)	(267,188)
Other expense, net	(2,034)	(1,354)	(671)
Loss before income taxes and investment losses	(30,054)	(39,917)	(267,859)
Income tax benefit	294	83	83
Loss before investment losses	(29,760)	(39,834)	(267,776)
Loss from investments in investees	(353)	—	(629)
Net loss	(30,113)	(39,834)	(268,405)
Preferred stock dividend	(4,718)	(217)	(217)
Net loss attributable to common shareholders	$ (34,831)	$ (40,051)	$ (268,622)
Loss per share, basic and diluted	$ (0.15)	$ (0.21)	$ (2.09)
Weighted average number of common shares outstanding, basic and diluted	233,191,617	187,713,041	128,772,080

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

OPKO Health, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share data)
For the years ended December 31, 2007, 2008 and 2009 (restated, refer to Note 21)

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Treasury		Additional Paid-In	Accumulated	
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars	Capital	Deficit	Total
Balance at December 31, 2006	—	$ —	—	$ —	61,775,002	$ 618	—	$ —	$ 280	$ (877)	$ 21
Equity based compensation expense	—	—	—	—	—	—	—	—	7,373	—	7,373
Issuance of equity securities for net monetary assets at $0.42 per share	1,081,750	11	—	—	36,607,023	366	—	—	15,626	—	16,003
Issuance of equity securities to acquire Acuity Pharmaceuticals, Inc., at $2.65 per share	—	—	457,603	5	14,778,556	148	—	—	234,470	—	234,623
Issuance of equity securities to acquire Ophthalmic Technologies, Inc. at $2.57 per share	—	—	—	—	2,682,928	27	—	—	6,905	—	6,932
Issuance of equity securities to acquire software at $3.79 per share	—	—	—	—	30,000	—	—	—	114	—	114
Issuance of common stock in private placement to related party at 1.84 per share	—	—	—	—	10,869,565	109	—	—	19,891	—	20,000
Issuance of common stock upon automatic conversion of Series C preferred stock	—	—	(457,603)	(5)	45,760,300	457	—	—	(452)	—	—
Conversion of Series A preferred stock	(213,751)	(2)	—	—	213,751	2	—	—	—	—	—
Exercise of common stock options	—	—	—	—	641,972	6	—	—	117	—	123
Exercise of common stock warrants	—	—	—	—	4,985,511	50	—	—	(50)	—	—
Preferred stock dividend	86,800	1	—	—	—	—	—	—	(1)	—	—
Net loss for the year ended December 31, 2007	—	—	—	—	—	—	—	—	—	(268,405)	(268,405)
Balance at December 31, 2007	954,799	10	—	—	178,344,608	1,783	—	—	284,273	(269,282)	16,784
Equity-based compensation expense	—	—	—	—	—	—	—	—	6,730	—	6,730

Issuance of equity securities to acquire Vidus Ocular, Inc. at $1.65 per share	—	—	—	—	658,080	7	—	—	1,312	—	1,319
Correction of equity securities to Acuity	—	—	—	—	57,408	1	—	—	(1)	—	—
Exercise of common stock options	—	—	—	—	5,187,149	52	—	—	154	—	206
Exercise of common warrants	—	—	—	—	1,171,899	12	—	—	165	—	177
Issuance of common stock in private placement to related party at 1.11	—	—	—	—	13,513,514	135	—	—	14,865	—	15,000
Series A preferred stock dividend	86,678	1	—	—	—	—	—	—	—	—	1
Conversion of Series A preferred stock	(87,721)	(1)	—	—	87,721	1	—	—	—	—	—
Other disposition of assets for stock	—	—	—	—	—	—	(18,000)	(24)	—	—	(24)
Net loss for the year ended December 31, 2008	—	—	—	—	—	—	—	—	—	(39,834)	(39,834)

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Treasury		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars			
Balance at December 31, 2008	953,756	10	—	—	199,020,379	1,991	(18,000)	(24)	307,498	(309,116)	359
Equity-based compensation expense	—	—	—	—	—	—	—	—	4,498	—	4,498
Exercise of common stock options	—	—	—	—	2,984,945	30	—	—	664	—	694
Exercise of common warrants	—	—	—	—	706,164	7	—	—	17	—	24
Issuance of common stock in private placement with related parties at $1.00 per share	—	—	—	—	20,000,000	200	—	—	19,800	—	20,000
Issuance of common stock in private placement, including related parties, at $1.00 per share	—	—	—	—	31,000,000	310	—	—	30,680	—	30,990
Relative fair value of warrants issued in connection with issuance of 8% Series D preferred stock (restated)	—	—	—	—	—	—	—	—	3,872	—	3,872
Series A preferred stock dividend	93,242	1	—	—	—	—	—	—	(1)	—	—
Conversion of Series A preferred stock	(21,064)	(1)	—	—	21,064	—	—	—	—	—	(1)
Restricted stock grant	—	—	—	—	30,000	—	—	—	—	—	—
Purchase of shares at $3.55	—	—	—	—	—	—	(27,154)	(37)	—	—	(37)
Comprehensive loss											
Net loss for the year ended December 31, 2009	—	—	—	—	—	—	—	—	—	(30,113)	(30,113)
Cumulative translation adjustment net	—	—	—	—	—	—	—	—	—	1,313	1,313
Total comprehensive loss	—	—	—	—	—	—	—	—	—	(28,800)	(28,800)
Balance at December 31, 2009 (restated)	1,025,934	$ 10	—	$ —	253,762,552	$2,538	(45,154)	$ (61)	$367,028	$ (337,916)	$ 31,599

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

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

	For the year ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net loss	$ (30,113)	$(39,834)	$(268,405)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,357	1,823	184
Impairment of goodwill	1,097	—	—
Write-off of acquired in-process research and development	2,000	1,398	243,761
Accretion of debt discount related to notes payable	123	190	279
Losses from investments in investees	353	—	629
Equity based compensation – employees and non-employees	4,498	6,730	7,373
Provision for bad debts	73	204	—
Provision for inventory obsolescence	279	255	—
Foreign exchange	122	—	—
Loss on disposal of assets	—	148	—
Changes in:			
Accounts receivable	(1,271)	590	(554)
Inventory	(928)	(2,104)	(317)
Prepaid expenses and other current assets	431	25	(789)
Other Assets	(276)	—	—
Accounts payable	(1,019)	(1,225)	(607)
Accrued expenses	(1,062)	2,506	1,497
Net cash used in operating activities	(23,336)	(29,294)	(16,949)
Cash flows from investing activities:			
Investments in investees	(4,800)	—	(5,000)
Acquisition of businesses, net of cash	(15,632)	48	2,751
Acquisition of rolapitant	(2,000)	—	—
Purchase of marketable securities	(9,997)	—	—
Maturities of marketable securities	9,997	—	—
Capital expenditures	(172)	(378)	(489)
Net cash used in investing activities	(22,604)	(330)	(2,738)
Cash flows from financing activities:			
Issuance of common stock for cash to related party	30,990	15,000	20,000
Issuance of common stock	20,000	—	16,284
Issuance of Series D preferred stock and warrants, including related parties	30,000	—	—
Borrowings under line of credit with related party	—	—	8,000
Proceeds from bridge loan with related party	3,000	—	—
Repayment of bridge loan with related party	(3,000)	—	—
Insurance financing and borrowings on lines of credit	529	371	152
Proceeds from the exercise of stock options and warrants	718	383	123
Repayments of notes payable and capital lease obligations	(317)	(2,825)	(1,615)
Net cash provided by financing activities	81,920	12,929	42,944
Net change in cash and cash equivalents	35,980	(16,695)	23,257
Cash and cash equivalents at beginning of year	6,678	23,373	116
Cash and cash equivalents at end of year	$ 42,658	$ 6,678	$ 23,373

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

OPKO Health, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Business and Organization

We are a specialty healthcare company involved in the discovery, development, and commercialization of pharmaceutical products, medical devices, vaccines, diagnostic technologies, and imaging systems. Initially focused on the treatment and management of ophthalmic diseases, we have since expanded into other areas of major unmet medical need. We are a Delaware corporation, headquartered in Miami, Florida.

On March 27, 2007, pursuant to the terms of a Merger Agreement and Plan of Reorganization, Froptix Corporation ("Froptix"), a development stage research and development company, controlled by The Frost Group, LLC (the "Frost Group") and Acuity Pharmaceuticals, Inc. ("Acuity"), a development stage research and development company, and eXegenics were part of a three-way merger (the "Merger"). Per that agreement, eXegenics issued new capital stock to acquire all of the issued and outstanding capital stock of Froptix and Acuity. The Frost Group members include the Frost Gamma Investment Trust (the "Gamma Trust") of which Phillip Frost, M.D., our Chairman and CEO, is the sole trustee, Jane Hsiao, the Company's Vice Chairman and Chief Technical Officer, Steven D. Rubin, the Company's Executive Vice President — Administration and a director, and Rao Uppaluri, the Company's Chief Financial Officer.

On June 8, 2007, we changed our name to OPKO Health, Inc. ("OPKO" or the "Company") from eXegenics, Inc. ("eXegenics"). Through March 26, 2007, eXegenics was a public shell company whose assets consisted of cash and nominal other assets.

Note 2 Acquisitions and Investments

On October 12, 2009, we entered into an asset purchase agreement (the "Schering Agreement") with Schering-Plough Corporation ("Schering") to acquire rolapitant, our lead pharmaceutical product candidate, and other assets relating to Schering's neurokinin-1 ("NK-1") receptor antagonist program. Under the terms of the Schering Agreement, we paid Schering $2 million in cash upon closing and agreed to pay up to an additional $27 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. Phase I clinical testing has also been completed for a second compound in the same class. Development of rolapitant and the other assets had been stopped at the time of our acquisition and there were no ongoing clinical trials. None of the assets acquired have alternative future uses, nor have they reached a stage of technological feasibility.

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

(in thousands)	
In-process research and development	$ 2,000

On October 1, 2009, we entered into a definitive agreement to acquire Pharma Genexx S.A. ("Pharma Genexx"), a privately-owned Chilean company engaged in the representation, importation, commercialization and distribution of pharmaceutical products, over-the-counter products and medical devices for government, private and institutional markets in Chile. Pursuant to a stock purchase agreement with Pharma Genexx and its shareholders, Farmacias Ahumada S.A., FASA Chile S.A., and Laboratorios Volta S.A., we acquired all of the outstanding stock of Pharma Genexx in exchange for $16 million in cash. A portion of the proceeds will remain in escrow for a period of time to satisfy indemnification claims. The transaction closed on October 7, 2009.

The following table summarizes the estimated fair value of the net assets acquired and liabilities assumed in the acquisition of Pharma Genexx at the date of acquisition:

(in thousands)	
Current assets (including cash of $368)	$12,208
Intangible assets	7,826
Goodwill	4,983
Other assets	20
Accounts payable and accrued expenses	(9,037)
Total purchase price	$16,000

Effective September 21, 2009, the Company entered into an agreement pursuant to which the Company invested $2.5 million in cash in Cocrystal Discovery, Inc., a privately held biopharmaceutical company ("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 "Frost 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 Frost Investor agreements dated June 9, 2009, OPKO, rather than the Frost Investors, made the first installment investment ($2.5 million) on September 21, 2009. Following the first investment, the members of the Frost Group owned a total of 2,948,645 shares of Cocrystal, representing 33.65% of Cocrystal's voting stock on an as converted basis and the Gamma Trust owned a majority of those shares, owning 2,768,257 shares. On December 31, 2009 we owned approximately 20% of Cocrystal's outstanding stock. Following the final installment investment of $2.5 million in Cocrystal by the Frost Investors in or around March 2010, the Company will own approximately 16% of Cocrystal and members of the Frost Group will own approximately 4,422,967 shares, representing 42% of Cocrystal's voting stock on an as converted basis, including 4,152,386 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.

We have determined that Cocrystal has insufficient resources to carry out its principal activities without additional subordinated financial support. As such, Cocrystal meets the definition of a variable interest entity ("VIE"). In order to determine the primary beneficiary of the VIE, we evaluated the related party group to identify who had the most significant power to control Cocrystal. The Gamma Trust holds in excess of 32% of the voting stock of Cocrystal on a fully diluted basis as of the date of our investment and after the March 2010 investment by the Frost Investors, will hold in excess of 42% of the voting stock. In addition, the Gamma Trust influenced the redesign of Cocrystal and can significantly influence the success of 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. As a result of our determination that we are not the primary beneficiary, we have accounted for our investment in Cocrystal under the equity method.

On June 10, 2009, we entered into a stock purchase agreement with Sorrento Therapeutics, Inc. ("Sorrento"), a privately held company with a technology for generating fully human monoclonal antibodies, pursuant to which we invested $2.3 million in Sorrento. 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, QuikByte Software, Inc., a Colorado corporation ("Quikbyte"), acquired Sorrento pursuant to a Merger Agreement dated July 14, 2009 (the "Sorrento Merger") by and among QuikByte, Sorrento, and certain other parties named therein. At the effective time of the Sorrento Merger, all of the issued and outstanding shares of Sorrento common stock (the "Sorrento Shares") were converted into the right to receive shares of QuikByte common stock, par value $0.0001 per share (the "QuikByte Common Stock").

On September 18, 2009, QuikByte entered into a Stock Purchase Agreement (the "QuikByte Stock Purchase Agreement") with investors (the "QuikByte Investors") pursuant to which QuikByte received an aggregate investment of $2.0 million in exchange for shares of QuikByte Common Stock (the "QuikByte Financing"). The QuikByte Investors included Dr. Frost and other members of OPKO management. Upon completion of the Sorrento Merger, QuickByte changed its name to Sorrento Therapeutics, Inc. After giving effect to the Sorrento Financing, OPKO owned approximately 53,113,732 shares of Sorrento Common Stock, or approximately 24% of Sorrento's total outstanding common stock at December 31, 2009. The closing stock price for Sorrento's common stock, a thinly traded stock, as quoted on the over-the-counter markets was $1.92 per share on December 31, 2009.

On May 6, 2008, we completed the acquisition of Vidus Ocular, Inc. ("Vidus"), a privately-held company that is developing Aquashunt™, a shunt to be used in the treatment of glaucoma. 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. A portion of the Closing Shares and the Milestone Shares remained in escrow for a period of one year to satisfy indemnification claims.

We accounted for the Vidus acquisition as an asset acquisition. We valued the common stock issued to Vidus' stockholders at the average closing price on the date of the acquisition and the two days prior to the transaction, or $1.65 per share. In addition, we valued the options to acquire our common stock that were issued to the founders of Vidus using the Black-Scholes-Merton pricing model and recorded the value of those options as part of the purchase price of Vidus, or $1.17 per common stock option. All other contingent consideration will be valued and added to the purchase price if the milestones occur.

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

(in thousands)	
Current assets (cash of $48)	$ 48
In-process research and development	1,398
Accounts payable and accrued expenses	(127)
Total purchase price	$ 1,319

The portion of the purchase price allocated to in-process research and development of $1.4 million was immediately expensed.

On April 13, 2007, we invested $5 million in exchange for common shares of Ophthalmic Technologies, Inc. ("OTI"), equaling one-third of the outstanding equity of OTI. On November 28, 2007, we acquired the remaining outstanding shares of OTI and issued approximately 2.7 million shares of our common stock based upon a purchase price of $10.0 million and a value of $3.55 per share. OTI provides diagnostic and imaging systems to eye care professionals worldwide through its distributor network which covers over 50 countries. The minority interest results in OTI from April 13, 2007 through our acquisition of OTI on November 28, 2007 have been included in our financial statements.

The following table summarizes the estimated fair value of the net assets acquired and liabilities assumed in the acquisition OTI at the date of acquisition:

(in thousands)	
Current assets (including cash of $1,616)	$ 4,682
Intangible assets	8,087
Other assets	602
Goodwill	1,732
Accounts payable and accrued expenses	(3,374)
Total purchase price	$11,729

On March 27, 2007, we acquired Acuity in a stock-for-stock transaction. We valued our common stock issued to Acuity shareholders at the average closing price of the common stock on the date of acquisition and the two days prior to the transaction. Acuity's primary focus prior to our acquisition had been on the development of its lead compound, bevasiranib, for the treatment of Wet Age-Related Macular Degeneration, or Wet AMD.

The following table summarizes the estimated fair value of the net assets acquired and liabilities assumed in the acquisition of Acuity at the date of acquisition:

(in thousands)	
Current assets (including cash of $1,135)	$ 1,350
Property and equipment	85
In-process research and development	243,761
Accounts payable and accrued expenses	(3,154)
Line of credit and term loan	(7,419)
Total purchase price	$234,623

The portion of the purchase price allocated to in-process research and development of $243.8 million relates to the acquisition of Acuity and was immediately expensed. The majority of our research and development expenses have been focused on our most advanced compound, bevasiranib. In March 2009, we terminated the Phase III clinical trial of bevasiranib. Acuity's second compound, ACU-NCT-001, did not reach technological feasibility during 2008 and has since been abandoned, and its other projects are still in various early stages of development.

The purchase price of Acuity includes $1.5 million of costs incurred by us to acquire Acuity, including $1.3 million of costs associated with the issuance of warrants to the Frost Group as a result of the increase of the credit line with Acuity.

The following table summarizes that fair value assigned to our major intangible assets classes:

(in thousands)	Fair value assigned	Weighted average amortization period
Customer relationships	$ 7,259	3 years
Technology	4,597	10 years
Product registrations	3,829	10 years
Covenants not to compete	317	3 years
Tradename	578	3 years
Other	7	Indefinite
Total amortizing intangible assets	16,587	
Goodwill	5,408	Indefinite
Total intangible assets acquired	$ 21,995	

All of the intangible assets acquired and goodwill acquired relate to our acquisitions of Pharma Genexx and OTI. The weighted average period prior to the next renewal or extension for our product registrations is 2.7 years. We do not anticipate capitalizing the cost of product registration renewals, rather we expect to expense, as incurred costs related to the activities required to renew our product registrations. We do not anticipate goodwill to be tax deductible for income tax purposes.

The following table includes the pro forma results for the years ended December 31, 2009 and 2008 of the combined companies as though the acquisitions of Pharma Genexx and Vidus had been completed as of the beginning of each period, respectively, and for the 2008 period includes $0.5 million related to Vidus.

	For the year ended December 31,	
(in thousands, except per share amounts)	2009	2008
Revenue	$ 25,615	$ 20,365
Net loss	$ (28,443)	$ (39,713)
Basic and diluted loss per share	$ (0.12)	$ (0.21)

This unaudited pro forma financial information is presented for informational purposes only. The unaudited pro forma financial information may not necessarily reflect our future results of operations or what the results of operations would have been had we owned and operated each company as of the beginning of the periods presented.

Note 3 Summary of Significant Accounting Policies

Basis of Presentation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-K and of

Regulation S-X. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been 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. We consider all non-restrictive, highly liquid short-term investments purchased with a maturity of three months or less on the date of purchase to be cash equivalents.

Inventories. Inventories are valued at the lower of cost or market (net realizable value). Cost is determined by the first-in, first-out method.

Property and Equipment. Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five to ten years and includes amortization expense for assets capitalized under capital leases. The estimated useful life by asset class are as follows: software — 3 years, machinery and equipment — 5-8 years, furniture and fixtures — 5-10 years and leasehold improvements — the lesser of their useful life or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred, while betterments reduce accumulated depreciation. Depreciation expense was $0.2 million, $0.1 million, and $35 thousand for the years ended December 31, 2009, 2008, and 2007, respectively.

Goodwill and Intangible Assets. Goodwill represents the difference between the purchase price and the estimated fair value of the net assets acquired when accounted for by the purchase method of accounting and arose from our acquisitions of OTI and Pharma Genexx. Refer to Note 2. We do not amortize goodwill, however, we perform an annual impairment test of goodwill during the fourth quarter. During the fourth quarter of 2009, we performed an impairment test and determined the goodwill related to our instrumentation business was impaired and written down to $0. We evaluate our goodwill for impairment annually and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable.

We amortize intangible assets with definite lives on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years, and review for impairment at least annually, or sooner when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We use the straight-line method of amortization as there is no reliably determinable pattern in which the economic benefits of our intangible assets are consumed or otherwise used up. Amortization expense was $3.2 million and $1.7 million for the years ended December 31, 2009 and 2008, respectively. Included in the amortization expense for the year ended December 31, 2009, is $1.1 million related to the impairment of the goodwill related to our instrumentation segment. In addition, the 2009 year included amortization related to the acquisition of Pharma Genexx. Amortization expense for the years ending December 31, 2010, 2011, 2012, 2013, and 2014 is expected to be $3.3 million, $2.2 million, $1.8 million, $0.8 million, and $0.8 million, respectively.

Impairment of Long-Lived Assets. Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Fair Value Measurements. The carrying amounts of our cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair value due to the short-term maturities of these instruments. Investments are considered available-for-sale as of December 31, 2009 and 2008, and are carried at fair value.

Short-term investments include bank deposits, corporate notes, U.S. treasury securities and U.S. government agency securities with original maturities of greater than 90 days and remaining maturities of less than one year. Long-term investments include corporate notes, U.S. treasury securities and U.S. government agency securities with maturities greater than one year.

In evaluating the fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange. Refer to Note 17.

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 December 31, 2009, the forward contracts did not meet the documentation requirements to be designated as hedges. Accordingly, we recognize all changes in fair values in income.

Research and Development. Research and development costs are charged to expense as incurred. We record expense for in-process research and development projects acquired as asset acquisitions which have not reached technological feasibility and which have no alternative future use. For in-process research and development projects acquired in business combinations, the in-process research and development project is capitalized and evaluated for impairment until the development process has been completed. Once the development process has been completed the asset will be amortized over its remaining useful life.

Income Taxes. Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. We periodically evaluate the realizability of our net deferred tax assets. Our tax accruals are analyzed periodically and adjustments are made as events occur to warrant such adjustment.

Loss Per Common Share. Basic and diluted earnings or loss per common share is based on the net loss increased by dividends on preferred stock divided by the weighted average number of common shares outstanding during the period. In the periods in which their effect would be anti-dilutive, no effect has been given to outstanding options, warrants or convertible preferred stock in the diluted computation. The diluted loss per share does not include the weighted average impact of the outstanding options, warrants, and other contingent consideration of 17,743,032, 24,022,713, and 30,508,179 shares for the years ended December 31, 2009, 2008, and 2007 respectively, because their inclusion would have been anti-dilutive. As of December 31, 2009, the holders of our Series A Preferred Stock and Series D Preferred Stock could convert their Preferred Shares into approximately 1,025,934 and 12,344,081 shares of our Common Stock, respectively.

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.

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 management's 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 at December 31, 2009 and 2008 was $0.5 million and $0.4 million, respectively.

Product Warranties. Product warranties are accrued at the time we record revenue for a product. The costs of warranties are recorded 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.

(in thousands)	2009	2008
Beginning balance	$ 259	$ 227
Accrual for product sold	257	259
Settlements in kind or expired	(259)	(227)
Ending balance	$ 257	$ 259

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. Refer to Note 8. 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.

Comprehensive income or loss. Our comprehensive loss for the year ended December 31, 2009 includes net loss for the year and the cumulative translation adjustment, net, for the translation of our Chilean subsidiary's results and comprehensive loss for the years ended December 31, 2008 and 2007 is comprised entirely of our net loss.

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 our pharmaceutical and device research and development activities into two reporting segments, instrumentation and pharmaceutical.

Recent accounting pronouncements: In January 2010, the Financial Accounting Standards Board ("FASB") issued an amendment to the accounting for fair value measurements and disclosures. This amendment details additional disclosures on fair value measurements, requires a gross presentation of activities within a Level 3 rollforward, and adds a new requirement to disclose transfers in and out of Level 1 and Level 2 measurements. The new disclosures are required of all entities that are required to provide disclosures about recurring and nonrecurring fair value measurements. This amendment is effective in the first interim or reporting period beginning after December 15, 2009, with an exception for the gross presentation of Level 3 rollforward information, which is required for annual reporting periods beginning after December 15, 2010, and for interim reporting periods within those years. The adoption of this amendment is not expected to have a material impact on our financial statement disclosures.

In October 2009, the FASB issued an amendment to the accounting for own-share lending arrangements in contemplation of convertible debt issuance or other financing. This amendment clarifies how an entity should account for an agreement between a company (share lender) and an investment bank (share borrower) under which the company loans shares of its stock to the investment bank, enabling the investment bank to use the shares to enter into equity derivative contracts with the ultimate investors of the convertible debt. Under the amendment, at the date of issuance, the share lending arrangement is required to be measured at fair value and recognized as a debt issuance cost in the financial statements of the entity. The debt issuance cost should be amortized under the effective interest method over the life of the financing arrangement as interest cost. This amendment is effective for fiscal years beginning on or after December 15, 2009, and interim periods within those fiscal years. Early adoption is not permitted. The adoption of this amendment requires retrospective application for all arrangements outstanding as of the beginning of the fiscal year in which the guidance is initially applied. The adoption of this amendment is not expected to have a material impact on our results of operations 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. This amendment will be effective prospectively for revenue arrangements entered into or materially modified in fiscal

years beginning on or after June 15, 2010. Early adoption and retrospective application is also permitted. We are currently evaluating the potential effect of the adoption of this amendment on our results of operations or financial condition.

In June 2009, the FASB issued an amendment to the accounting and disclosure requirements for the consolidation of VIEs. This amendment requires an enterprise to qualitatively assess the determination of the primary beneficiary, or "consolidator," of a VIE based on whether the entity (i) has the power to direct matters that most significantly impact the activities of the VIE, and (ii) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The amendment changes the consideration of kick-out rights in determining if an entity is a VIE and requires an ongoing reconsideration of both whether an entity is a VIE and of the primary beneficiary. This amendment is effective as of January 1, 2010, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier adoption is prohibited. The amendment requires companies to reassess, under the amended requirements, arrangements existing on or before the effective date of the amendment that may fit within its scope and requires retrospective application. We are currently evaluating the potential effect of the adoption of this amendment but do not expect it will have a material impact on our results of operations or financial condition.

In June 2009, the FASB issued an amendment to the accounting and disclosure requirements for transfers of financial assets. This amendment seeks to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets. Additionally, on and after the effective date, this amendment eliminates the concept of a qualifying special-purpose entity for accounting purposes. Therefore, formerly qualifying special-purpose entities should be evaluated for consolidation by reporting entities on and after the effective date in accordance with the applicable consolidation guidance. This amendment is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier adoption is prohibited. The adoption of this amendment is not expected to have a material impact on our results of operations or financial condition.

Note 4 Composition of Certain Financial Statement Captions

(in thousands)	December 31, 2009	2008
Accounts receivable, net		
Accounts receivable	$ 9,118	$ 1,412
Less allowance for doubtful accounts	(351)	(407)
	$ 8,767	$ 1,005
Inventories, net		
Raw materials (components)	$ 3,764	$ 2,635
Work in-process	1,365	934
Finished products	5,632	749
Less inventory reserve	(241)	(255)
	$ 10,520	$ 4,063
Prepaid expenses and other current assets		
Prepaid supplies and clinical	$ 599	$ 677
Other receivables	441	633
Prepaid insurance	162	267
Tax credit recoverable	414	143
Other	148	—
	$ 1,764	$ 1,720
Property and equipment, net		
Machinery and equipment	$ 388	$ 248
Furniture and fixtures	207	207
Software	207	152
Leasehold improvements	237	264
Less accumulated depreciation	(446)	(212)
	$ 593	$ 659
Intangible assets, net		
Customer relationships	$ 7,259	$ 2,978
Product registrations	3,829	—
Technology	4,597	4,597
Tradename	578	195
Covenants not to compete	317	317
Other	7	7
Less accumulated amortization	(3,865)	(1,758)
	$ 12,722	$ 6,336
Accrued expenses		
Income taxes payable	$ 492	$ —
Accrued royalties	315	317
Accrued distributor commissions	372	349
Product warranties — medical device products	257	259
Clinical trials	163	2,098
Customer deposits	307	345
Professional fees	223	331
Employee benefits	340	390
Other	1,449	1,305
	$ 3,918	$ 5,394

The changes to goodwill include $0.2 million from the foreign exchange translation and reflect the carrying value of the assets and liabilities valued in connection with the Pharma Genexx acquisition, partially offset by the impairment of $1.1 million of goodwill related to our instrumentation business. As a result of competition in the U.S. market, the broad global economic conditions, and pricing pressures globally, we determined that goodwill was impaired for the instrumentation reporting unit. The impairment loss was determined by calculating the fair value of the instrumentation reporting unit based on a discounted net present-value calculation. The purchase price allocation of the assets acquired in the Pharma Genexx acquisition are subject to change while contingencies that existed on the acquisition date are resolved.

The following table reflects the changes in the allowance for doubtful accounts, provision for inventory reserve and tax valuation allowance accounts:

(in thousands)	Beginning balance	Charged to expense	Written-off	Charged to other	Ending balance
2009					
Allowance for doubtful accounts	$ (407)	(73)	130	—	$ (350)
Provision for inventory reserve	$ (255)	(279)	293	—	$ (241)
Tax valuation allowance	(35,197)	(16,699)	—	199	$(51,697)
2008					
Allowance for doubtful accounts	$ (465)	(204)	150	112	$ (407)
Provision for inventory reserve	$ —	(255)	—	—	(255)
Tax valuation allowance	$(16,924)	$ (19,137)	$ —	$ (864)	$(35,197)

Note 5 Debt

We have a fully-drawn $12.0 million line of credit with the Frost Group. We are obligated to pay interest upon maturity, compounded quarterly, on outstanding borrowings under the line of credit at an 11% annual rate, which is due January 11, 2011. The line of credit is collateralized by all of our personal property except our intellectual property.

In connection of our acquisition of Pharma Genexx, we have entered into lines of credit agreements with seven financial institutions in Chile. Those lines of credit are used primarily as a source of working capital for inventory purchases. The following table summarizes the lines of credit:

(in thousands)			Amount outstanding at December 31,	
Lender	Interest rate on borrowings	Maximum borrowings	2009	2008
The Frost Group LLC	11 %	$ 12,000	$ 12,000	$ 12,000
Itau Bank	Libor +2.8%	2,000	270	—
Bank of Chile	Libor +2.8%	2,000	988	—
BICE Bank	Libor +2.8%	2,000	1,459	—
Santander Bank	Libor +2.8%	2,600	324	—
Corp Banca	Libor +2.8%	—	62	—
BBVA Bank	Libor +2.8%	3,500	1,216	—
Scotiabank	Libor +2.8%	2,500	—	—
Total		$ 26,600	$ 16,319	$ 12,000

On March 4, 2009, the Gamma Trust advanced $3.0 million to us pursuant to a Promissory Note we issued to the Gamma Trust (the "Note"). The entire amount of this advance and all accrued interest thereon was due and payable on the earlier of May 4, 2009, or such earlier date following the closing of the stock purchase transaction with the Gamma Trust discussed in Note 6. The Note bore interest at a rate equal to 11% per annum and may be prepaid in whole or in part without penalty or premium. We repaid the Note and $48 thousand of interest on April 27, 2009.

Note 6 Equity Offerings (restated)

Effective as of September 18, 2009, we entered into a securities purchase agreement (the "Preferred Purchase Agreement") with the private investors named therein (the "Preferred Investors"), pursuant to which the Preferred Investors agreed to purchase an aggregate of 1,209,677 shares (the "Preferred Shares") of the Company's newly-designated 8.0% Series D Cumulative Convertible Preferred Stock, par value $0.01 per share ("Series D Preferred Stock") (Refer to Note 7) at a purchase price of $24.80 per share, together with warrants (the "Warrants") to purchase up to an aggregate of 3,024,196 shares of the Company's common stock, par value $.01 at an exercise price of $2.48 per share (the "Preferred Investment"). Initially, the Series D Preferred Stock was convertible into ten shares of the Company's Common Stock, and the Preferred Shares purchase price was based on the average closing price of the Company's Common Stock as reported on the NYSE Amex for the five days preceding the execution of the Preferred Purchase Agreement. In connection with the Preferred Investment, the Company issued the Preferred Shares and Warrants and received an aggregate of $30.0 million in cash on September 28, 2009.

The Company allocated the $30.0 million of proceeds from the Preferred Investment between the Series D Preferred Stock and the Warrants based on their relative fair values as follows:

(in thousands)	
Series D Preferred Stock	$26,128
Warrants	3,872
Total	$30,000

The Company allocated the $30 million in proceeds received from the issuance of the Preferred Stock and warrants to those instruments based on their relative fair values, which resulted in a $3.9 million beneficial conversion feature. The Company recorded the $3.9 million beneficial conversion feature as a further discount to the Series D Preferred Stock and an increase to additional paid-in capital. Because the Series D Preferred Stock was immediately convertible into shares of the Company's common stock, the discount was immediately recognized as a deemed dividend and included in preferred stock dividends in accompanying consolidated statement of operations. Refer to Note 21.

Because the Series D Preferred Stock contains redemption features that are not solely within the control of the Company, the Series D Preferred Stock is classified outside of permanent equity. The Series D Preferred Stock is recorded at this time at initial fair value and not at its Liquidation Amount as it is not probable that it will be redeemed.

The Company agreed to issue the Preferred Shares and the Warrants in reliance upon the exemption from registration under Section 4(2) of the Securities Act of 1933, as amended (the "Act"). The Preferred Shares issued in the Preferred Investment, including the shares of the Company's Common Stock into which the Preferred Shares and Warrants may be converted, are "restricted securities" as that term is defined by Rule 144 under the Act, subject to a three year contractual lockup, and no registration rights have been granted.

On May 26, 2009, May 29, 2009, and June 1, 2009, we entered into stock purchase agreements with a total of seven accredited investors ("Investors") pursuant to which the Investors agreed to make a $31.0 million investment in the Company in exchange for 31,000,000 shares of our Common Stock at $1.00 per share, representing a range of discounts of approximately 16-21% to the average closing price of our Common Stock on the NYSE Amex for the five trading days immediately preceding the closing date of the agreements. The shares issued were restricted securities and were exempt from registration requirements under Section 4(2) of the Act because the transaction did not involve a public offering.

On February 23, 2009, we entered into a Stock Purchase Agreement with the Gamma Trust, pursuant to which the Gamma Trust agreed to make a $20.0 million cash investment in the Company in exchange for 20,000,000 shares (the "Shares") of our Common Stock, at $1.00 per share, representing an approximately 20% discount to the average closing price of our Common Stock on the NYSE Amex for the five trading days immediately preceding the effective date of Audit Committee and stockholder approval of the transaction. We issued the Shares and received the proceeds on April 27, 2009. The Shares issued were restricted securities, subject to a two-year lockup and no registration rights were granted.

On September 10, 2008, we issued 13,513,514 shares of our Common Stock to a group of investors, including members of the Frost Group, in exchange for $15.0 million. The shares were issued at $1.11 per share, representing an approximately 40% discount to the five-day average closing price of our Common Stock on the NYSE Amex. The Shares issued were restricted securities, subject to a two year lockup, and no registration rights have been granted. The issuance of the Shares was exempt from the registration requirements under Section 4(2) of the Act because the transaction did not involve a public offering.

Note 7 Shareholders' Equity

Our authorized capital stock consists of 500,000,000 shares of common stock, par value $.01 per share, and 10,000,000 shares of preferred stock, par value $.01 per share.

Common Stock

Subject to the rights of the holders of any shares of preferred stock currently outstanding or which may be issued in the future, the holders of the common stock are entitled to receive dividends from our funds legally available when, as and if declared by our board of directors, and are entitled to share ratably in all of our assets available for distribution to holders of common stock upon the liquidation, dissolution or winding-up of our affairs subject to the liquidation preference, if any, of any then outstanding shares of preferred stock. Holders of our common stock do

not have any preemptive, subscription, redemption or conversion rights. Holders of our common stock are entitled to one vote per share on all matters which they are entitled to vote upon at meetings of stockholders or upon actions taken by written consent pursuant to Delaware corporate law. The holders of our common stock do not have cumulative voting rights, which means that the holders of a plurality of the outstanding shares can elect all of our directors. All of the shares of our common stock currently issued and outstanding are fully-paid and nonassessable. No dividends have been paid to holders of our common stock since our incorporation, and no cash dividends are anticipated to be declared or paid in the reasonably foreseeable future.

In addition to our equity-based compensation plans, we have issued warrants to purchase our common stock. Refer to Note 8 for additional information on our share-based compensation plans. The table below provides additional information for warrants outstanding as of December 31, 2009.

Warrants	Number of warrants	Weighted average exercise price	Expiration date
Outstanding at December 31, 2008	27,245,466		
Issued	3,024,196		
Exercised	(1,075,500)		
Expired	—		
Outstanding and Exercisable at December 31, 2009	29,194,162	$ 0.89	Various from September 2014 through March, 2017

Of the 1,075,500 warrants exercised to purchase common stock, 369,336 shares were surrendered in lieu of a cash payment via the net exercise feature of the warrant agreements.

Preferred Stock

Under our certificate of incorporation, our board of directors has the authority, without further action by stockholders, to designate up to 10 million shares of preferred stock in one or more series and to fix or alter, from time to time, the designations, powers and rights of each series of preferred stock and the qualifications, limitations or restrictions of any series of preferred stock, including dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and the liquidation preference of any wholly issued series of preferred stock, any or all of which may be greater than the rights of the common stock, and to establish the number of shares constituting any such series.

Series A Preferred Stock

Of the authorized preferred stock, 4,000,000 shares have been designated Series A preferred stock. Dividends are payable on the Series A preferred stock in the amount of $0.25 per share, payable annually in arrears. At the option of our board of directors, dividends will be paid either (i) wholly or partially in cash or (ii) in newly issued shares of Series A preferred stock valued at $2.50 per share to the extent cash dividend is not paid.

Holders of Series A preferred stock have the right to convert their shares, at their option exercisable at any time, into shares of our common stock on a one-for-one basis subject to anti-dilution adjustments. These anti-dilution adjustments are triggered in the event of any subdivision or combination of our outstanding common stock, any payment by us of a stock dividend to holders of our common stock or other occurrences specified in the certificate of designations relating to the Series A preferred stock. We may elect to convert the Series A preferred stock into common stock or a substantially equivalent preferred stock in the case of a merger or consolidation in which we do not survive, a sale of all or substantially all of our assets or a substantial reorganization of us.

Each share of Series A preferred stock is entitled to one vote on all matters on which the common stock has the right to vote. Holders of Series A preferred stock are also entitled to vote as a separate class on any proposed adverse change in the rights, preferences or privileges of the Series A preferred stock and any increase in the number of authorized shares of Series A preferred stock. In the event of any liquidation or winding up of the Company, the holders of the Series A preferred stock will be entitled to receive $2.50 per share plus any accrued and unpaid dividends before any distribution to the holders of the common stock and any other class of series of preferred stock ranking junior to it.

We may redeem the outstanding shares of Series A preferred stock for $2.50 per share (plus accrued and unpaid dividends), at any time.

Series C Preferred Stock

Of the authorized preferred stock, 500,000 shares were designated Series C preferred stock. On June 22, 2007, 457,603 shares of Series C preferred stock were issued and outstanding and held by 30 stockholders. Cumulative dividends were payable on the Series C preferred stock in the amount of $1.54 per share when declared by the board of directors. On June 22, 2007, all outstanding shares (457,603 shares) of Series C preferred stock automatically converted into shares of common stock, on a one-hundred-for-one basis.

8% Series D Cumulative Convertible Preferred Stock

Of the authorized preferred stock, 2,000,000 shares were designated 8% Series D Cumulative Convertible Preferred Stock ("Series D Preferred Stock"). Holders of the Series D Preferred Stock are entitled to receive, when, as and if declared by the Company's Board of Directors, dividends on each share of Series D Preferred Stock at a rate per annum equal to 8.0% of the sum of (a) $24.80, plus (b) any and all declared and unpaid and accrued dividends thereon, subject to adjustment for any stock split, combination, recapitalization or other similar corporate action (the "Liquidation Amount"). All dividends shall be cumulative, whether or not earned or declared, accruing on an annual basis from the issue date of the Series D Preferred Stock. As of December 31, 2009 we had approximately $0.51 per Series D Preferred Share, or $0.6 million of Series D Preferred Stock dividends in arrears.

The Holders of Series D Preferred Stock have the right to receive notice of any meeting of holders of the Company's Common Stock or Series D Preferred Stock and to vote (on an as-converted into Common Stock basis) upon any matter submitted to a vote of the holders of Common Stock or Series D Preferred Stock. Except as otherwise expressly set forth in the Company's Amended and Restated Certificate of Incorporation, as amended from time to time, the holders of Series D Preferred Stock will vote on each matter submitted to them with the holders of Common Stock and all other classes and series of the Company's capital stock entitled to vote on such matter, taken together as a single class.

With respect to dividend distributions (other than required dividends to the holders of the Company's Series A Preferred Stock) and distributions upon liquidation, winding up or dissolution of the Company, the Series D Preferred Stock ranks senior to all classes of Common Stock, the Company's Series A Preferred Stock, the Company's Series C Preferred Stock, and to each other class of the Company's capital stock existing now or hereafter created that are not specifically designated as ranking senior to or pari passu with the Series D Preferred Stock.

Upon the occurrence of a Liquidation Event (as defined in the Certificate of Designation), holders of Series D Preferred Stock are entitled to be paid, subject to applicable law, out of the assets of the Company available for distribution to its stockholders, an amount in cash (the "Liquidation Payment") for each share of Series D Preferred Stock equal to the greater of (x) the Liquidation Amount for each such share of Series D Preferred Stock outstanding plus (i) any declared and unpaid dividends and (ii) accrued dividends or (y) the amount for each share of Series D Preferred Stock the holders would be entitled to receive pursuant to the Liquidation Event if all of the shares of Series D Preferred Stock had been converted into Common Stock as of the date immediately prior to the date fixed for determination of stockholders entitled to receive a distribution in such Liquidation Event. Such Liquidation Payment will be paid before any cash distribution will be made or any other assets distributed in respect of any class of securities junior to the Series D Preferred Stock, including, without limitation, Common Stock and the Company's Series A Preferred Stock.

The holder of any share of Series D Preferred Stock may at any time and from time to time convert such share into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (A) the Liquidation Amount of the share by (B) the Conversion Price, which is initially $2.48, subject to adjustment as provided in the Certificate of Designation. Initially, the Series D Preferred Stock is convertible into 10 shares of the Company's Common Stock.

The Company may, at any time, convert the outstanding Series D Preferred Stock into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing (A) the Liquidation Amount of the shares by (B) the Conversion Price, but only if the closing bid price of the Common Stock exceeds $5.00 per share during any thirty (30) consecutive trading days prior to each conversion. Initially, the Series D Preferred Stock is convertible into 10 shares of the Company's Common Stock.

To the extent it is lawfully able to do so, the Company may redeem all of the then outstanding shares of Series D Preferred Stock by paying in cash an amount per share equal to $24.80 plus all declared or accrued unpaid dividends on such shares, subject to adjustment for any stock dividends or distributions, splits, subdivisions, combinations, reclassifications, stock issuances or similar events with respect to the Common Stock.

Note 8 Equity-Based Compensation

We maintain equity-based incentive compensation plans that provide for grants of stock options and restricted stock to our directors, officers, key employees and certain outside consultants. Our 2007 Equity Incentive Plan includes all options assumed from the companies combined in the Merger discussed in Note 1. Stock options granted under the 1996 Stock Option Plan, 2000 Stock Option Plan and the plans assumed from Froptix and Acuity are exercisable for a period of up to 10 years from date of grant. Equity awards granted under the 2007 Equity Incentive Plan are exercisable for a period up to 7 years. Vesting periods range from immediate to 5 years.

We classify the cash flows resulting from the tax benefit that arises when the tax deductions exceed the compensation cost recognized for those equity awards (excess tax benefits) as financing cash flows. There were no excess tax benefits for the years ended December 31, 2009, 2008, and 2007.

Equity-based compensation arrangements to non-employees are accounted for at their fair value on the measurement date. The measurement of equity-based compensation is subject to periodic adjustment over the waiting time of the equity instruments.

Valuation and Expense Information

We recorded equity based compensation expense of $4.5 million, $6.7 million, and $7.4 million for the years ended December 31, 2009, 2008 and 2007, respectively, all of which were reflected as operating expense. Of the $4.5 million of equity based compensation expense recorded in the year ended December 31, 2009, $3.2 was recorded as selling, general and administrative expense and $1.3 million was recorded as research and development expenses. Of the $6.7 million of equity based compensation expense recorded in the year ended December 31, 2008, $4.2 million was recorded as selling, general and administrative expense and $2.5 million was recorded as research and development expenses. For the year ended December 31, 2007, of the $7.4 million of expense recorded, $4.4 million was recorded as selling, general and administration expense and $3.0 million was recorded as research and development expense. During the third quarter of 2007, a reversal of equity-based compensation expense of $8.1 million was recorded as a result of the termination of a consulting agreement prior to the vesting of any of the equity based awards issued under a consulting agreement. Originally, we accrued $0.3 million for this expense during 2006 and $7.8 million during the first six months of 2007 as research and development expense.

We estimate forfeitures of stock options and recognize compensation cost only for those awards expected to vest. Forfeiture rates are determined for all employees and non-employee directors based on historical experience and our estimate of future vesting. Estimated forfeiture rates are adjusted from time to time based on actual forfeiture experience.

As of December 31, 2009, there was $8.3 million of unrecognized compensation cost related to the stock options granted under our stock plans. That cost is expected to be recognized over a weighted-average period of 2.2 years.

Stock Options

We estimate the fair value of each stock option on the date of grant using a Black-Scholes option-pricing formula, applying the following assumptions, and amortized the fair value to expense over the option's vesting period using the straight-line attribution approach for employees and non-employee directors, and for awards issued to non-employees we recognize compensation expense on a graded basis, with most of the compensation expense being recorded during the initial periods of vesting:

	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Expected term (in years)	0.6 - 7.9	1.6 - 8.9	3.5 - 9.7
Risk-free interest rate	1.4% - 3.0%	1.5% - 3.7%	3.2% - 5.2%
Expected volatility	70% - 77%	70% - 75%	73% - 76%
Expected dividend yield	0%	0%	0%

Expected Term: The expected term of the stock options to employees and non-employee directors was calculated using the shortcut method. We believe this method is appropriate as our equity shares have been publicly traded for a limited period of time and as such we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The expected term of stock options issued to non-employee consultants is the remaining contractual life of the options issued.

Risk-Free Interest Rate: The risk-free interest rate is based on the rates paid on securities issued by the U.S. Treasury with a term approximating the expected life of the option.

Expected Volatility: The expected volatility was based on a peer group of publicly-traded stocks' historical trading which we believe will be representative of the volatility over the expected term of the options. We believe the peer group's historical volatility is appropriate as our equity shares have been publicly traded for a limited period of time.

Expected Dividend Yield: We do not intend to pay dividends on common stock for the foreseeable future. Accordingly, we used a dividend yield of zero in the assumptions.

We maintain incentive stock plans that provide for the grants of stock options to our directors, officers, employees and non-employee consultants. As of December 31, 2009, there were 13,371,586 shares of common stock reserved for issuance under our 2007 Incentive Plan. We intend to issue new shares upon the exercise of options. Stock options granted under these plans have been granted at an option price equal to the closing market value of the stock on the date of the grant. Options granted under these plans to employees typically become exercisable over four years in equal annual installments after the date of grant, and to non-employee directors become exercisable in full after one-year after the grant date, subject to, in each case, continuous service with the Company during the applicable vesting period. The Company assumed options to grant common stock as part of the Merger, which reflected various vesting schedules, including monthly vesting to employees and non-employee consultants.

A summary of option activity under our stock plans as of December 31, 2009, and the changes during the year is presented below:

Options	Number of options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2008	11,977,437	$ 2.06	6.1	$ 7,807
Granted	5,538,500	$ 1.60		
Exercised	(2,984,945)	$ 0.23		
Forfeited	(1,324,936)	$ 0.96		
Expired	(582,500)	$ 3.59		
Outstanding at December 31, 2009	12,623,556	$ 2.36	5.5	$ 4,544
Vested and expected to vest at December 31, 2009	11,839,931	$ 2.35	5.5	$ 4,341
Exercisable at December 31, 2009	5,107,138	$ 2.41	5.1	$ 2,919

The total intrinsic value of stock options exercised for the years ended December 31, 2009, 2008, and 2007 were $3.8 million, $9.5 million, and $2.3 million, respectively.

The weighted average grant date fair value of stock options granted for the years ended December 31, 2009, 2008 and 2007 were $0.99, $1.13, and $2.73, respectively. The total fair value of stock options vested during the years ended December 31, 2009, 2008 and 2007 were $5.1 million, $4.1 million and $1.0 million, respectively. The following table provides the grant date fair value for each of the following groups of stock option activity during 2009:

Options	Number of options	Weighted average grant date fair value
Nonvested at December 31, 2008	6,116,674	$ 2.28
Granted	5,538,500	$ 0.99
Forfeited	1,324,936	$ 2.15
Nonvested at December 31, 2009	7,516,418	$ 1.47

Restricted Stock

In 2009, the Company issued 30,000 shares of restricted stock to one of its independent board members. The restricted stock was granted under our 2007 Equity Incentive Plan with a term of seven years and vesting occurring five years after the grant date with certain events which would accelerate the vesting of the award. The restricted stock was valued using the grant date fair value which was equivalent to the closing price on the grant date. We record the cost of restricted stock over the vesting period.

Note 9 Income Taxes

Loss before income taxes was taxable in the U.S., Canada, and Chile.

The benefit/(expense) for incomes taxes consists of the following:

(in thousands)	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007
Current			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	140	83	83
	140	83	83
Deferred			
Federal	15,602	17,075	5,274
State	985	1,137	334
Foreign	266	925	106
Change in valuation allowance	(16,699)	(19,137)	(5,714)
	154	—	—
Total, net	$ 294	$ 83	$ 83

Deferred income tax assets and liabilities as of December 31, 2009 and 2008 are comprised of the following:

(in thousands)	December 31, 2009	December 31, 2008
Deferred income tax assets:		
Federal net operating loss	$ 26,690	$ 17,075
State net operating loss	4,816	3,246
Foreign net operating loss	1,198	1,622
Capitalized research and development expense	4,378	5,098
Research and development tax credit	6,492	5,186
Canadian research and development pool	1,464	1,202
Canadian tax credits	1,089	—
Amortization and depreciation	258	236
Accruals	555	511
Other	6,663	3,486
Deferred income tax assets	53,603	37,662
Deferred income tax liabilities:		
Intangible assets	(3,114)	(2,459)
Other	—	(6)
Deferred income tax liabilities	(3,114)	(2,465)
Net deferred income tax assets	50,489	35,197
Valuation allowance	(51,697)	(35,197)
Net deferred income tax liabilities	$ (1,208)	$ —

The change in deferred income tax assets, liabilities and valuation allowances at December 31, 2009 reflect the acquisition of various legal entities, including the tax attributes. The acquisitions were accounted for under U.S. GAAP as asset acquisitions. As of December 31, 2009, we have Federal, state, and foreign net operating loss carryforwards of approximately $123.2 million, $101.4 million, and $4.7 million, respectively, that expire at various dates through 2029. We have research and development tax credit carryforwards of approximately $7.6 million that expire in varying amounts through 2029. We have determined a full valuation allowance is required against all of our tax assets that we do not expect to be utilized by the turning of deferred income tax liabilities.

Under Section 382 of the Internal Revenue Code of 1986, as amended, certain significant changes in ownership may restrict the future utilization of our income tax loss carryforwards and income tax credit carryforwards in the United States. The annual limitation is equal to the value of our stock immediately before the ownership change, multiplied by the long-term tax-exempt rate (i.e., the highest of the adjusted Federal long-term rates in effect for any month in the three-calendar-month period ending with the calendar month in which the change date occurs). This limitation may be increased under the IRC§ 338 Approach (IRS approved methodology for determining recognized Built-In Gain). As a result, federal net operating losses and tax credits may expire before we are able to fully utilize them.

During 2008, we conducted a study to determine the impact of the various ownership changes that occurred during 2007 and 2008. As a result, we have concluded that the annual utilization of our net operating loss carryforwards ("NOLs") and tax credits is subject to a limitation pursuant to Internal Revenue Code section 382. Under the tax law, such NOLs and tax credits are subject to expiration from 15 to 20 years after they were generated. As a result of the annual limitation that may be imposed on such tax attributes and the statutory expiration period, some of these tax attributes may expire prior to our being able to use them. As we have established a valuation allowance against all of our net deferred tax assets, including such NOLs and tax credits, there is no current impact on these financial statements as a result of the annual limitation. This study did not conclude as to whether eXegenics' pre-merger NOLs were limited under Section 382. As such, of the $123.2 million of federal net operating loss carryforwards, at least approximately $52.0 million may not be able to be utilized.

Adoption of FASB ASC Topic 740 (formerly FIN 48)

Prior to January 1, 2007, we recognized income taxes with respect to uncertain tax positions based upon SFAS No. 5, "Accounting for Contingencies", or SFAS No. 5 (codified primarily in FASB ASC Topic 450, *Contingencies*). Under former SFAS No. 5, we would record a liability associated with an uncertain tax position if the liability was both probable and estimable. Prior to January 1, 2007, the liabilities recorded under SFAS No. 5 including interest and penalties related to income tax exposures, would have been recognized as incurred within "income taxes" in our consolidated statements of operations. We recorded no such liabilities in 2006.

Effective January 1, 2007, we adopted FIN 48, "Accounting for Uncertainty in Income Taxes" (codified primarily in FASB ASC Topic 740, *Income Taxes*). Formerly FIN 48, ASC 740 clarifies the accounting for uncertainty in income taxes recognized in financial statements in accordance with former SFAS No. 109, "Accounting for Income Taxes" (codified primarily in FASB ASC Topic 740, *Income Taxes*). ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 requires that we determine whether the benefit of our tax positions are more likely than not to be sustained upon audit, based on the technical merits of the tax position. For tax positions that are more likely than not to be sustained upon audit, we recognize the greatest amount of the benefit that is more likely than not to be sustained in our consolidated financial statements. For tax positions that are not more likely than not to be sustained upon audit, we do not recognize any portion of the benefit in our consolidated financial statements. The provisions of ASC 740 also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure.

Our policy for interest and penalties under ASC 740, related to income tax exposures, was not impacted as a result of the adoption of the recognition and measurement provisions of ASC 740. Therefore, we continue to recognize interest and penalties as incurred within "income taxes" in our consolidated statements of operations, when applicable.

There was no change to our accumulated deficit as of January 1, 2007 as a result of the adoption of the recognition and measurement provisions of ASC 740.

Uncertain Income Tax Positions

We file Federal income tax returns in the U.S., Canada, Chile, and Taiwan jurisdictions, as well as with various U.S. states and the Ontario province in Canada. We are subject to tax audits in all jurisdictions for which we file tax returns. Tax audits by their very nature are often complex and can require several years to complete. There are currently no tax audits that have commenced with respect to income returns in any jurisdiction.

U.S. Federal: Under the tax statute of limitations applicable to the Internal Revenue Code, we are no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for years before 2005. However, because we are carrying forward income tax attributes, such as net operating losses and tax credits from 2005 and earlier tax years, these attributes can still be audited when utilized on returns filed in the future.

State: Under the statutes of limitation applicable to most state income tax laws, we are no longer subject to state income tax examinations by tax authorities for years before 2005 in states in which we have filed income tax returns. Certain states may take the position that we are subject to income tax in such states even though we have not filed income tax returns in such states and, depending on the varying state income tax statutes and administrative practices, the statute of limitations in such states may extend to years before 2005.

Foreign: Under the statutes of limitations applicable to our foreign operations, we are no longer subject to tax examination for years before 2005 in jurisdictions we have filed income tax returns.

As a result of our January 1, 2007 implementation of ASC 740, the total amount of gross tax benefits, excluding the offsetting full valuation allowance, that became unrecognized, was approximately $0.4 million. There were no accrued interest and penalties resulting from such unrecognized tax benefits. As of December 31, 2009 and December 31, 2008, the total amount of gross unrecognized tax benefits was approximately $6.8 million and $3.6 million, respectively, and accrued interest and penalties on such unrecognized tax benefits was $0 in each period.

The following table rolls forward the 2009 activity in our gross unrecognized income tax benefits.

(in thousands)	
Unrecognized tax benefits January 1, 2009	$ 3,619
Gross increases — tax positions in prior period	3,199
Gross decreases — tax positions in prior period	—
Unrecognized tax benefits at December 31, 2009	$ 6,818

There are no net unrecognized tax benefits that, if recognized, would impact the effective tax rate as of December 31, 2009 as a result of the full valuation allowance.

Other Income Tax Disclosures

The significant elements contributing to the difference between the federal statutory tax rate and the effective tax rate are as follows:

(in thousands)	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008	For the Year Ended December 31, 2007
Federal Statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	3.7	3.6	3.9
Foreign income tax	0.1	—	—
Acquired in-process research and development	(2.6)	(1.4)	(35.3)
Research and development tax credits	6.7	10.7	(0.1)
OID	5.0	—	—
Impairment of goodwill	(1.4)	—	—
Other permanent items	9.8	—	—
Change in valuation allowance	(55.3)	(48.0)	(2.1)
Other	0.0	0.3	(1.4)
Total	1.0%	0.2%	0.0%

No income taxes were paid prior to 2009; we will be paying income tax in Chile for the 2009 year.

The following table reconciles our losses before income taxes between U.S. and foreign jurisdictions:

(in thousands)	For the Year ended December 31, 2009	For the Year ended December 31, 2008	For the Year ended December 31, 2007
Pre-tax loss			
U.S.	$ (29,214)	$ (37,153)	$ (267,542)
Foreign	(840)	$ (2,764)	$ (317)
Total	$ (30,054)	$ (39,917)	$ (267,859)

Note 10 Supplemental Cash Flow Information

Supplemental cash flow information is summarized as follows:

(in thousands)	For the Year ended December 31, 2009	For the Year ended December 31, 2008	For the Year ended December 31, 2007
Interest paid	$ 95	$ 101	$ 370
Non-cash financing			
Issuance of capital stock to acquire Acuity	$ —	$ —	$ 243,623
Issuance of capital stock to acquire OTI	$ —	$ —	$ 6,932
Issuance of capital stock to acquire Vidus and Other	$ —	$ 1,319	$ 114

Note 11 Related Party Transactions

Effective September 21, 2009, we entered into an agreement pursuant to which the 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 2.

On September 18, 2009, we entered into the Preferred Purchase Agreement with various investors. Refer to Note 6. Included among the investors is the Gamma Trust, Hsu Gamma Investment, L.P, a limited partnership controlled by Jane H. Hsiao and Oracle Partners LP, a limited partnership in which Dr. Frost is a limited partner.

On July 20, 2009, the Company 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, Academia Sinica.

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 which may be extended, at our option, for one additional year. From April 2008 through January 2009, we leased 20,000 square feet at the Hialeah Facility from a third party landlord pursuant to a lease agreement which contained an option to purchase the facility. We initially elected to exercise the option to purchase the Hialeah Facility in September 2008. Prior to closing, however, we assigned the right to purchase the Hialeah Facility to an entity controlled by Drs. Frost and Hsiao and leased a smaller portion of the facility as a result of several factors, including our inability to obtain outside financing for the purchase, current business needs, the reduced operating costs for the smaller space, and the minimization of risk and expense of unutilized space.

On June 10, 2009, we entered into a stock purchase agreement with Sorrento, pursuant to which we invested $2.3 million in Sorrento. 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. Refer to Note 2. 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.

On May 26, 2009, May 29, 2009, and June 1, 2009, we entered into stock purchase agreements with a total of seven accredited investors pursuant to which we agreed to sell an aggregate of 31 million shares of the Company's Common Stock in exchange for $31 million. Under the terms of each investment, OPKO issued shares to the investors at a price of $1.00 per share. Refer to Note 6. Oracle Partners, LP and Vector Group Ltd. were among the investors in the transaction and purchased 4 million and 5 million shares of our Common Stock, respectively. Dr. Frost may also be deemed to beneficially own 11.5% of Vector Group Ltd.'s outstanding stock.

On March 4, 2009, the Gamma Trust advanced $3.0 million to us under a Promissory Note we issued to the Gamma Trust, which was repaid in full on April 27, 2009. Refer to Note 5.

In March 2009, we paid the $45 thousand filing fee to the Federal Trade Commission in connection with filings made by us and Dr. Frost, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"). The filings permitted Dr. Frost and his affiliates to acquire additional shares of our Common Stock upon expiration of the HSR waiting period on March 23, 2009.

On February 23, 2009, we entered into a Stock Purchase Agreement with the Gamma Trust, of which Dr Frost is the sole trustee. Refer to Note 6.

On September 10, 2008, in exchange for a $15.0 million cash investment in the Company, we issued 13,513,514 shares of our Common Stock to a group of investors which included members of the Frost Group. The shares were issued at a price of $1.11 per share, representing an approximately 40% discount to the 5 day average trading price of our stock on the NYSE Amex. Refer to Note 6.

On December 5, 2007, we issued 10,869,565 shares of the our Common Stock to members of the Frost Group in exchange for a $20 million cash investment, or $1.84 per share, representing an approximately 40% discount to the average trading price of our stock on the NYSE Amex for the five days preceding the date our board of directors and stockholders approved the issuance of the shares. The shares issued in the private placement were restricted securities, subject to a two year lockup, and no registration rights have been granted.

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. We had previously been leasing this space from Frost Real Estate Holdings on a month-to-month basis while the parties were negotiating the lease. 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. From January 1, 2008 through October 1, 2008, we leased an additional 1,100 square feet of general office and laboratory space on a ground floor annex of our corporate office building pursuant to an addendum to the Lease, which required us to pay annual rent of $19 thousand per year for the annex space.

On September 19, 2007, we entered into an exclusive technology license agreement with Winston Laboratories, Inc. ("Winston"). Under the terms of the license agreement, Winston granted us an exclusive license to the proprietary rights of certain products in exchange for the payment of an initial licensing fee, royalties, and payments on the occurrence of certain milestones. Drs. Frost, Uppaluri and Hsiao and Mr. Rubin beneficially own approximately 30% of Winston Pharmaceuticals, Inc. and Dr. Uppaluri has served as a member of Winston's board of directors since September 2008. In connection with the license agreement, we reimbursed Winston $29 thousand, $3 thousand and $0 for the years ended December 31, 2009, 2008 and 2007, respectively, for services provided by Winston personnel to assist us with the clinical program for the product we licensed. OPKO provided Winston notice of termination of the license agreement on February 23, 2010.

In June 2007, we paid the $125,000 filing fee to the Federal Trade Commission in connection with filings made by us and Dr. Frost under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"). The filings

permitted Dr. Frost and his affiliates to acquire additional shares of our common stock upon expiration of the HSR waiting period on July 12, 2007.

As part of the Mergers, we assumed a line of credit with the Frost Group from Acuity and amended and restated that line of credit to increase borrowing availability. In connection with the increase of the borrowing availability, we issued 4,000,000 warrants to the Frost Group. Refer to Note 5.

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 fiscal years ending December 31, 2009, 2008, and 2007, we reimbursed Dr. Frost approximately $92 thousand, $108 thousand, and $0, respectively, for Company-related travel by Dr. Frost and other OPKO executives.

During the years ending December 31, 2009, 2008, and 2007, we reimbursed SafeStitch Medical, Inc. (“SafeStitch”) approximately $0, $49 thousand, and $0, respectively, for time SafeStitch’s personnel spent assisting us with the implementation of certain quality and control standard operating procedures at our manufacturing facility in Toronto, Ontario. Dr. Hsiao serves as chairman of the board of directors for SafeStitch; and Steven Rubin and Richard Pfenniger, each of whom are members of our board of directors, also serve on the board of directors of SafeStitch.

Note 12 Employee Benefit Plans

Effective January 1, 2007, the OPKO Health Savings and Retirement Plan, or the Plan, permits employees to contribute up to 50% of qualified pre-tax annual compensation up to annual statutory limitations. The discretionary company match for employee contributions to the Plan is 100% of up to the first 4% of the participant’s earnings contributed to the Plan. Our matching contributions to the plan were approximately $0.2 million and $0.2 million in the years ended December 31, 2009 and 2008, respectively.

Note 13 Commitments and Contingencies

In the event of a termination of an existing employee of OTI, we would become obligated at such employee’s sole option to acquire up to 10% of the shares issued to the employee in connection with the acquisition of OTI at a price of $3.55 per share. In connection with the potential obligation, we have recorded approximately $0.2 million in accrued expenses as of December 31, 2009 based on the estimated fair value of the unexercised put option.

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.

On May 7, 2007, Ophthalmic Imaging Systems (“OIS”) sued Steven Verdooner, its former president and our then Executive Vice President, Instrumentation, in California Superior Court for the County of Sacramento. OIS later amended its complaint to add claims against the Company and the Frost Group alleging breach of fiduciary duty, intentional interference with contract and intentional interference with prospective economic advantage. Trial in the matter was scheduled to commence on April 28, 2009. In order to avoid the expense and uncertainty of litigation, and without making any admission of wrongdoing or liability, we entered into a settlement agreement to fully and finally resolve the lawsuit on May 4, 2009. The impact of the settlement was not material to the Company.

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.

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 intend to finance additional research and development projects, clinical trials and our future operations with a combination of private placements, payments from potential strategic research and development, licensing and/or marketing arrangements, public offerings, 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.

Note 14 Strategic Alliances

We plan to develop a portfolio of product candidates through a combination of internal development and external partnerships. We have completed strategic deals with the Trustees of the University of Pennsylvania, the University of Florida Research Foundation, the University of Texas Southwestern, Academia Sinica, and Redox Pharmaceuticals, among others. In connection with these license agreements, upon the achievement of certain milestones we are obligated to make certain payments and upon sales of products developed under the license agreements, have royalty obligations. At this time, we are unable to estimate the timing and amounts of payments as the obligations are based on future development of the licensed products.

Note 15 Leases

We conduct certain of our operations under operating lease agreements. Rent expense was approximately $0.7 million for the year ended December 31, 2009, and $0.6 million for the year ended December 31, 2008.

As of December 31, 2009, the aggregate future minimum lease payments under all non-cancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

Year Ending	(in thousands)
2010	$ 448
2011	428
2012	261
2013	—
2014	—
Total minimum lease commitments	$ 1,137

Note 16 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 through the acquisition of Pharma Genexx. 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 years ended December 31, 2009	2008	2007
Revenue			
Pharmaceutical	$ 4,418	$ —	$ —
Instrumentation	8,729	9,440	847
Corporate	—	—	—
	$ 13,147	$ 9,440	$ 847
Operating loss			
Pharmaceutical	$(11,920)	$(19,437)	$(255,303)
Instrumentation	(6,843)	(9,704)	(2,119)
Corporate	(9,257)	(9,422)	(9,766)
	$(28,020)	$(38,563)	$(267,188)
Depreciation and amortization			
Pharmaceutical	$ 507	$ 29	$ 20
Instrumentation	1,797	1,753	153
Corporate	53	41	11
	$ 2,357	$ 1,823	$ 184
Net loss of investees			
Pharmaceutical	$ (353)	$ —	$ —
Instrumentation	—	—	(629)
Corporate	—	—	—
	$ (353)	$ —	$ (629)
Revenue			
United States	$ 813	$ 112	$ —
Chile	4,418	—	—
All others	7,916	9,328	847
	$ 13,147	$ 9,440	$ 847

	As of December 31, 2009	2008
Assets		
Pharmaceutical	$ 28,813	$ 389
Instrumentation	12,262	14,117
Corporate	46,355	7,258
	$ 87,430	$21,764

During the year ended December 31, 2009, no customers represented greater than 10% of total revenue. During the year ended December 31, 2008, four customers represented 18%, 17%, 13%, and 11%, respectively, of our revenue. During the year ended December 31, 2007, four customers represented 19%, 18%, 13%, and 11%, respectively, of our revenue. As of December 31, 2009, two customers represented 32% and 19% of our accounts receivable balance. As of December 31, 2008, two customers represented 47% and 19% of our accounts receivable balance.

Note 17 Fair Value Measurement

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 December 31, 2009, we held money market funds that qualify as cash equivalents and forward contracts for inventory purchases (Refer to Note 18) that are required to be measured at fair value on a recurring basis. Our other assets and liabilities carrying value approximate their fair value due to their short-term nature.

In addition, the OTI put options were valued at fair value utilizing the Black-Scholes-Merton valuation method. Refer to Note 13. During the years December 31, 2009, 2008, and 2007, we recorded a reversal of expense of $35 thousand, expense of $0.1 million and reversal of expense of $10 thousand, respectively, reflecting our stock price fluctuations.

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 December 31, 2009			
(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	$ 41,299	$ —	$ —	$41,299
Liabilities:				
OTI put option	$ —	$ 176	$ —	$ 176
Forward contracts	—	151	—	151
Total liabilities	$ —	$ 327	$ —	$ 327

Note 18 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 December 31, 2009, 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 the end of the year 2009 have been valued at fair value, and their maturity details are as follows:

(in thousands) Days until maturity	Contract value	Fair value at December 31, 2009	Effect on loss
0 to 30	$ 433	$ 448	$ (15)
31 to 60	458	489	(31)
61 to 90	924	978	(54)
91 to 120	723	728	(5)
121 to 180	796	822	(26)
More than 180	2,970	2,990	(20)
Total	$ 6,304	$ 6,455	$ (151)

Note 19 Selected Quarterly Financial Data (Unaudited)

	For the 2009 Quarters Ended			
(in thousands)	March 31, 2009	June 30, 2009	September 30, 2009 (restated)	December 31, 2009
Revenue	$ 2,301	$ 2,347	$ 1,501	$ 6,998
Gross margin	740	583	446	1,811
Net loss attributable to common shareholders	(9,055)	(5,734)	(10,298)	(9,744)
Basic and diluted loss per share	$ (0.05)	$ (0.03)	$ (0.04)	$ (0.04)

	For the 2008 Quarters Ended			
(in thousands)	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
Revenue	$ 2,824	$ 879	$ 4,050	$ 1,687
Gross (deficit) margin	(506)	(146)	1,081	452
Net (loss) income attributable to common shareholders	(10,935)	(10,934)	(8,380)	(9,801)
Basic and diluted (loss) income per share	$ (0.06)	$ (0.06)	$ (0.04)	$ (0.05)

Due to rounding, the quarterly per share amounts may not mathematically compute to the annual amount.

In connection with the preparation of our financial statements for the three and nine months ended September 30, 2010, we reevaluated our accounting for the September 28, 2009 Series D Convertible Preferred Stock offering and determined that we did not account for a $3.9 million beneficial conversion feature of the Preferred Stock and that we did not properly classify the Series D Convertible Preferred Stock outside of shareholders' equity in the mezzanine section of the balance sheet. Refer to Note 21.

On October 7, 2009 we acquired Pharma Genexx. The results of operations include the results of Pharma Genexx after that date. During the fourth quarter of 2008, we recorded a reversal of stock-based compensation expense of $0.5 million related to an error recorded in the first quarter of 2008. As a result of the error, stock based compensation expense was overstated by $0.5 million during the first quarter of 2008. The quarterly information was not restated due to immateriality.

Note 20 Subsequent Events

We have reviewed all subsequent events and transactions that occurred after the date of our December 31, 2009 consolidated balance sheet date as of March 17, 2010, through the time of filing the Annual Report on Form 10-K on March 17, 2010.

On February 17, 2010, we entered into an agreement to acquire Pharmacos Exakta, S.A. de C.V. ("Exakta"), 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 with Exakta and its shareholders, and an affiliate of the shareholders, Inmobiliaria Chapalita, S.A. de C.V. ("Inmobiliaria"), the Company acquired all of the outstanding stock of Exakta and real property owned by Inmobiliaria for a total aggregate purchase price of $4 million, of which an aggregate of $1.6 million was paid in cash and $2.4 million was paid in shares of Common Stock based on the average closing price of the Company's Common Stock as reported on the NYSE Amex for the ten trading days ending on February 12, 2010. A portion of the proceeds will remain in escrow for a period of time for working capital adjustments and to satisfy indemnification claims.

Note 21 Financial Statement Restatement

The Company is restating its previously issued consolidated financial statements as of and for the three and nine months ended September 30, 2009, and as of and for the year ended December 31, 2009, to reflect the Company's determination that it did not properly account for the September 28, 2009 Series D Convertible Preferred Stock (the "Preferred Stock") offering. In connection with the issuance of 1,209,667 shares of Preferred Stock, we issued warrants to purchase up to an aggregate of 3,024,194 shares of our Common Stock at an exercise price of $2.48 per share. The Company should have allocated the $30 million in proceeds received from the issuance of the Preferred Stock and warrants to those instruments based on their relative fair values, which would have resulted in a $3.9 million beneficial conversion feature. Because the Preferred Stock was immediately convertible into common stock, the beneficial conversion feature should have been immediately recognized as a deemed dividend and should have increased the loss attributable to common shareholders. In addition, the Company is correcting the classification of the Preferred Stock from a component of equity to the mezzanine section of the balance sheet.

The restated financial statements as of and for the year ended December 31, 2009, and as of and for the quarter and year-to-date periods ended September 30, 2009, reflect the following changes:

	Consolidated Balance Sheets as of					
	December 31, 2009			September 30, 2009		
(in thousands)	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Total Liabilities	$ 29,703	$ —	$ 29,703	$ 19,256	$ —	$ 19,256
Series D Preferred Stock	—	26,128	26,128	—	26,128	26,128
Shareholders' equity						
Series A Preferred Stock	10	—	10	9	—	9
Series D Preferred Stock	12	(12)	—	12	(12)	—
Common Stock	2,538	—	2,538	2,536	—	2,536
Treasury Stock	(61)	—	(61)	(61)	—	(61)
Additional paid-in capital	393,144	(26,116)	367,028	392,181	(26,116)	366,065
Accumulated deficit	(339,229)	—	(339,229)	(330,330)	—	(330,330)
Cumulative translation adjustment	1,313	—	1,313	—	—	—
Total shareholders' equity	57,727	(26,128)	31,599	64,347	(26,128)	38,219
Total liabilities, Series D Preferred Stock, and shareholders' equity	$ 87,430	$ —	$ 87,430	$ 83,603	$ —	$ 83,603

	Statements of operations								
	For the three months ended September 30, 2009			For the nine months ended September 30, 2009			For the year ended December 31, 2009		
(in thousands)	As reported	Adjustment	Restated	As reported	Adjustment	Restated	As reported	Adjustment	Restated
Net loss	$ (6,354)	$ —	$ (6,354)	$ (21,027)	$ —	$ (21,027)	$ (30,113)	$ —	$ (30,113)
Preferred stock dividend	(72)	(3,872)	(3,944)	(188)	(3,872)	(4,060)	(846)	(3,872)	(4,718)
Net loss attributable to common shareholders	$ (6,426)	$ (3,872)	$ (10,298)	$ (21,215)	$ (3,872)	$ (25,087)	$ (30,959)	$ (3,872)	$ (34,831)
Basic and diluted loss per share	$ (0.03)	$ (0.02)	$ (0.04)	$ (0.09)	$ (0.02)	$ (0.11)	$ (0.13)	$ (0.02)	$ (0.15)
Weighted average number of common shares outstanding, basic and diluted	252,986,149		252,986,149	226,273,290		226,273,290	233,191,617		233,191,617

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure 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 December 31, 2009. 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.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements according to generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective could provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2009, based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As permitted, our management's assessment of and conclusion on the effectiveness of our internal controls did not include the internal controls of Pharma Genexx, because it was acquired by us in a purchase business combination during the fourth quarter of fiscal 2009.

Based on our evaluation under the framework in Internal Control — Integrated Framework, management previously concluded in our Annual Report filed on Form 10-K on March, 17, 2010, that our internal control over financial reporting was effective as of December 31, 2009. During the preparation of our financial statements for the quarter ended September 30, 2010, we determined that a deficiency in controls relating to the accounting for a beneficial conversion feature on, and the classification of, convertible preferred stock existed as of the previous assessment date and have further concluded that such a deficiency represented a material weakness as of December 31, 2009. As a result, we conclude that the Company's internal control over financial reporting was not effective as of December 31, 2009.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009 has been audited by Ernst & Young LLP, our independent registered public accounting firm, who also audited our consolidated financial statements included in this Annual Report on Form 10-K, as stated in their report which appears with our accompanying consolidated financial statements.

Changes to the Company's Internal Control Over Financial Reporting

As part of the Company's September 30, 2010 close process, the Company identified that it had not properly accounted for a beneficial conversion feature on, and the classification of convertible preferred stock. As a result, in 2010 the Company has implemented additional controls and procedures over financial reporting including adding additional review procedures on its complex accounting issues.

Beginning in the fourth quarter of 2009, we began implementing a new accounting system, as well as standards and procedures at Pharma Genexx, S.A., upgrading and establishing controls over accounting systems, and adding employees who are trained and experienced in the preparation of financial statements in accordance with U.S. GAAP to ensure that we have in place appropriate internal control over financial reporting at Pharma Genexx. Other than as set forth above with respect to Pharma Genexx, there have been no changes to the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Pharma Genexx, S.A.'s assets constituted $28.0 million and $17.1 million of total and net assets, respectively, as of December 31, 2009 and $4.4 million and $0.2 million of revenues and net loss, respectively, for the year ended December 31, 2009.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) (1) Financial Statements: See Part II, Item 8 of this report.

(2) Financial Statement Schedules: See Part II, Item 8 of this report.

(3) Exhibits: See below.

Exhibit Number	Description
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.
2.2(5)+	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.
3.1(2)	Amended and Restated Certificate of Incorporation.
3.2(4)	Amended and Restated By-Laws.
3.3(9)	Certificate of Designation of Series D Preferred Stock.
4.1(1)	Form of Common Stock Warrant.
4.2(9)	Form of Common Stock Warrant.
10.1(1)	Form of Lockup Agreement.
10.2(1)	License Agreement, dated as of March 31, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Reich/Tolentino).
10.3(1)	License Agreement, dated as of March 31, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Reich/Gewirtz).
10.4(1)	First Amendment to License Agreement, dated as of August 1, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Reich/Tolentino).
10.5(1)	First Amendment to License Agreement, dated as of August 1, 2003, by and between the Trustees of the University of Pennsylvania and Acuity Pharmaceuticals, Inc. (Gewirtz).
10.6(1)	Credit Agreement, dated as of March 27, 2007, by and among eXegenics, Inc., The Frost Group, LLC, and Acuity Pharmaceuticals, LLC.
10.7(1)	Amended and Restated Subordination Agreement, dated as of March 27, 2007, by and among The Frost Group, LLC, Horizon Technology Funding Company LLC, Acuity Pharmaceuticals, LLC, and eXegenics, Inc.
10.8(4)	Share Purchase Agreement, dated April 11, 2007, by and between Ophthalmic Technologies, Inc. and eXegenics, Inc.

Exhibit Number	Description
10.9(3)	Lease Agreement dated November 13, 2007, by and between Frost Real Estate Holdings, LLC and the Company.
10.10(4)	Share Purchase Agreement, dated as of November 28, 2007, by and among Ophthalmic Technologies, Inc., OTI Holdings Limited, and the Shareholders named therein.
10.11(4)	Exchange and Support Agreement, dated as of November 28, 2007, by and among OPKO Health, Inc. and OTI Holdings Limited and the holders of exchangeable shares named therein.
10.12(4)	Stock Purchase Agreement, dated December 4, 2007, by and between members of The Frost Group, LLC and the Company.
10.13(4)*	OPKO Health, Inc. 2007 Equity Incentive Plan.
10.14(5)	Form of Director Indemnification Agreement.
10.15(5)	Form of Officer Indemnification Agreement.
10.16(6)	Stock Purchase Agreement, dated August 8, 2008 by and among the Company and the Investors named therein.
10.17(7)	Stock Purchase Agreement, dated February 23, 2009 by and between the Company and Frost Gamma Investments Trust.
10.18(7)	Promissory Note to Frost Gamma Investments Trust, dated March 4, 2009.
10.19(8)	Form of Stock Purchase Agreement for transactions between the Company and Nora Real Estate SA., Vector Group Ltd., Oracle Partners LP, Oracle Institutional Partners, LP., Chung Chia Company Limited, Gold Sino Assets Limited and Grandtime Associates Limited.
10.20(8)	Stock Purchase Agreement, dated June 10, 2009, by and among the Company and Sorrento Therapeutics, Inc.
10.21(9)	Form of Securities Purchase Agreement Series D Preferred Stock.
10.22(10)*	Form of Restricted Share Award Agreement (Director).
10.23(10)	Cocrystal Discovery, Inc. Agreements.
10.24**	Stock Purchase Agreement, dated October 1, 2009, by and among the OPKO Chile Limitada and Inversones OPKO Limitada, subsidiaries of the Company, and the Sellers named therein.
10.25+**	Asset Purchase Agreement, dated October 12, 2009, by and between the Company and Schering Corporation.
21**	Subsidiaries of the Company.
23.1	Consent of Ernst & Young LLP.
31.1	Certification by Phillip Frost, Chief Executive Officer, pursuant to Exchange Act Rules 13a-14 and 15d-14.
31.2	Certification by Rao Uppaluri, Chief Financial Officer, pursuant to Exchange Act Rules 13a-14 and 15d-14.

Exhibit Number	Description
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.
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.

* Denotes management contract or compensatory plan or arrangement.

** Filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009, as originally filed on March 17, 2010.

\+ 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 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2007 for the Company's three-month period ended September 30, 2007, and incorporated herein by reference.

(4) 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.

(5) 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 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 8, 2009 for the Company's three-month period ended March 31, 2009, 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 August 7, 2009 for the Company's three-month period ended June 30, 2009, and incorporated herein by reference.

(9) Filed with the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 24, 2009, and incorporated herein by reference.

(10) Filed with the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 9, 2009 for the Company's three-month period ended September 30, 2009, and incorporated herein by reference.

SIGNATURES

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

Date: November 10, 2010

OPKO HEALTH, INC.

By: /s/ Dr. Phillip Frost
Dr. Phillip Frost,
Chairman of the Board and
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Description
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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.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-144040) pertaining to the OPKO Health, Inc. 2007 Equity Incentive Plan of our report dated March 17, 2010, except for the effects of the restatement described in Note 21, as to which the date is November 10, 2010, with respect to the consolidated financial statements of OPKO Health, Inc. and subsidiaries, and our report dated March 17, 2010, except for the effects of the material weakness described in the seventh paragraph of such report, as to which the date is November 10, 2010 with respect to the effectiveness of internal control over financial reporting of OPKO Health, Inc. and subsidiaries, in this Annual Report (Form 10-K/A) for the year ended December 31, 2009.

/s/ Ernst & Young LLP
Certified Public Accountants

Miami, Florida
November 10, 2010

Exhibit 31.1

CERTIFICATIONS

I, Phillip Frost, certify that:

(1) I have reviewed this Annual Report on Form 10-K/A 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: November 10, 2010

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

Exhibit 31.2

CERTIFICATIONS

I, Rao Uppaluri, certify that:

(1) I have reviewed this Annual Report on Form 10-K/A 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: November 10, 2010

/s/ Rao Uppaluri
Rao Uppaluri
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of OPKO Health, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2009 (the "Report"), and pursuant to pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, Phillip Frost, Chief Executive Officer of the Company, certify that to the best of my knowledge:

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

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

/s/ Phillip Frost
Phillip Frost, M.D.
Chief Executive Officer
November 10, 2010

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of OPKO Health, Inc. (the "Company") on Form 10-K/A for the year ended December 31, 2009 (the "Report"), and pursuant to pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, I, Rao Uppaluri, Chief Financial Officer of the Company, certify that to the best of my knowledge:

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

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

/s/ Rao Uppaluri
Rao Uppaluri
Chief Financial Officer
November 10, 2010